



## FINANCIAL STATEMENTS

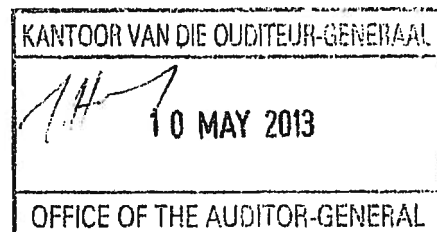
KANTOOR VAN DIE OUDITEUR-GENERAAL
10 MAY 2013
OFFICE OF THE AUDITOR-GENERAL

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**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

### NATURE OF BUSINESS

**COUNTRY OF ORIGIN AND LEGAL FORM****CATEGORY OF MUNICIPALITY**

### Grade 3

## JURISDICTION

### MEMBERS OF THE MAYORAL COMMITTEE

G April  
VM Danson

N Gunguluz  
L Stalmeester  
H Botha  
H Rullers  
J Harmse

JNH Sloffels

**MUNICIPAL MANAGER**

T Mnyimba

**CHIEF FINANCIAL OFFICER**

D Lott

**REGISTERED OFFICE**

PO Box 255  
6625

## AUDITORS

Private Bag X1  
CHEMPET  
7442

## PRINCIPLE BANKERS

**STANDARD BANK**

## RELEVANT LEGISLATION

- Municipal Finance Management Act (Act no 56 of 2003)**
- Division of Revenue Act**
- The Income Tax Act**
- Value Added Tax Act**
- Municipal Structures Act (Act no 117 of 1998)**
- Municipal Systems Act (Act no 32 of 2000)**
- Municipal Planning and Performance Management Regulations**
- Water Services Act (Act no 108 of 1997)**
- Housing Act (Act no 107 of 1997)**
- Municipal Property Rates Act (Act no 6 of 2004)**
- Electricity Act (Act no 41 of 1987)**
- Skills Development Levies Act (Act no 9 of 1999)**
- Employment Equity Act (Act no 55 of 1998)**
- Unemployment Insurance Act (Act no 30 of 1966)**
- Basic Conditions of Employment Act (Act no 75 of 1997)**
- Supply Chain Management Regulations, 2005**
- Collective Agreements**
- Infrastructure Grants**
- SALBC Leave Regulations**





# OUTSHOORN

MUNISIPALITEIT UMASIPALA MUNICIPALITY  
Wes-Kaap Intshona-Koloni Western Cape



255 Oudtshoorn 6620 - Tel. (044) 2033000 - Fax: (044) 2033104 - Epos: [post@oudtmun.co.za](mailto:post@oudtmun.co.za)

VERW/REF/ISAZISI:

5/11/1/1 (2011/2012)

DDL/bk

31 August 2012

The Auditor-General  
Private Bag X1  
CHEMPET  
7441

Sir

**SUBMISSION OF ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION:  
2011/2012**

Attached please find the following documentation:

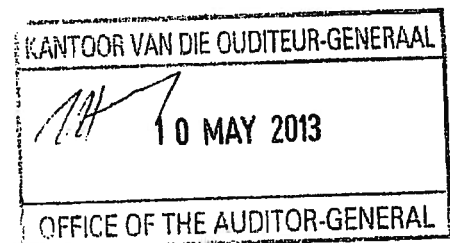
1. Annual financial statements of the Oudtshoorn Municipality for the year ended 30 June 2012.
2. Annual performance report for the year ended 30 June 2012.

The above documentation was also sent to you electronically on 31 August 2012.

Please note that the annual financial statements of the Congo Caves will be submitted to you on or before 14 September 2012.

Yours faithfully.

**DD LOTT**  
CHIEF FINANCIAL OFFICER  
pp MUNICIPAL MANAGER



2011 / 2012

MEMBERS OF THE OUDTSHOORN MUNICIPALITY

WARD	COUNCILLOR
1	J Le Roux Krowitz
2	P Nel
3	D de Jager
4	N Gunguluza
5	H Ruiters
6	J Goliath
7	PL Roberts
8	EN Ngalo
9	G April
10	L Stalmeester
11	RR Wildschut
12	DJ Fourie
13	J Harmse
Proportional	J Stoffels
Proportional	H Botha
Proportional	E Fortuin
Proportional	DV Donson
Proportional	C Mac Pherson
Proportional	F Magxaka
Proportional	J Maxim
Proportional	C Ngaio
Proportional	G Phillips
Proportional	IV v/d Westhuizen
Proportional	B van Wyk
Proportional	C Wagenaar

APPROVAL OF FINANCIAL STATEMENTS

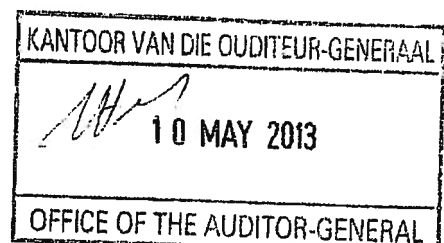
I am responsible for the preparation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act, which I have signed on behalf of the Municipality.

---

**T. Mnyimba**  
Municipal Manager

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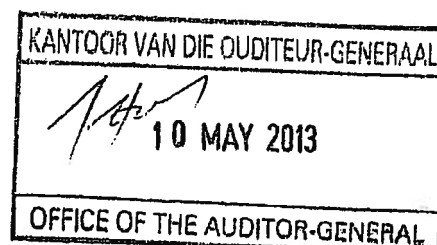
**Date**



**OUTSHOORN LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012**

	Notes	2012 R	2011 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>432,207,191</b>	<b>438,041,874</b>
Accumulated Surplus/(Deficit)		432,207,191	438,041,874
<b>Non-Current Liabilities</b>		<b>200,257,325</b>	<b>211,375,558</b>
Long-term Liabilities	2	68,829,092	79,057,193
Employee benefits	3	55,536,253	52,960,550
Non-Current Provisions	4	75,891,980	79,357,815
<b>Current Liabilities</b>		<b>74,998,545</b>	<b>77,011,257</b>
Consumer Deposits	5	5,149,268	4,814,876
Current Employee benefits	6	16,035,625	12,429,141
Current Portion of Provisions	7	3,570,660	-
Payables from exchange transactions	8	31,668,949	40,490,268
Unspent Conditional Government Grants and Receipts	9	8,358,464	9,675,523
Unspent Public Contributions	10	244,374	244,375
Operating Lease Liability	19	-	19,641
Current Portion of Long-term Liabilities	2	9,971,206	9,337,432
<b>Total Net Assets and Liabilities</b>		<b>707,463,061</b>	<b>726,428,688</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>627,757,861</b>	<b>612,866,688</b>
Property, Plant and Equipment	12	532,292,730	516,663,115
Investment Property	14	85,999,252	86,401,168
Intangible Assets	15	167,697	253,581
Capitalized Restoration Cost	13	9,298,182	9,548,825
<b>Current Assets</b>		<b>79,705,200</b>	<b>113,562,000</b>
Inventory	16	1,415,358	1,730,996
Receivables from exchange transactions	17	42,584,818	42,428,492
Receivables from non-exchange transactions	18	13,967,977	12,441,336
Unpaid Conditional Government Grants and Receipts	9	62,020	865,374
Unpaid Public Contributions	10	-	125,288
Operating Lease Asset	19	1,077,824	575,691
Taxes	11	5,032,723	6,406,370
Cash and Cash Equivalents	20	15,564,478	48,988,453
<b>Total Assets</b>		<b>707,463,061</b>	<b>726,428,688</b>

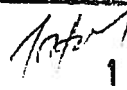


**OUTDSHOORN LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	2012 (Actual) R	2011 (Restated) R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>133,304,126</b>	<b>115,895,383</b>
Taxation Revenue		40,934,467	37,144,748
Property taxes	21	40,934,467	37,144,748
Transfer Revenue		87,530,579	76,844,270
Government Grants and Subsidies- Capital	22	30,844,037	15,885,465
Government Grants and Subsidies-Operating	22	58,441,830	59,148,826
Public Contributions and Donations		144,712	2,009,979
Other Revenue		4,839,080	1,906,384
Third Party Payments		244,528	128,980
Fines		1,683,992	1,778,405
Gain on disposal of Property, Plant and Equipment		7,215	-
Actuarial Gains		2,923,347	-
<b>Revenue from Exchange Transactions</b>		<b>227,663,289</b>	<b>192,256,067</b>
Service Charges	23	204,090,940	173,062,889
Rental of Facilities and Equipment		1,737,335	2,301,312
Interest Earned - external investments		2,644,884	3,402,186
Interest Earned - outstanding debtors		5,043,845	4,890,182
Agency Services		4,180,250	4,050,550
Other Income	24	9,956,255	4,748,930
Impairment of leases		-	-
<b>Total Revenue</b>		<b>360,967,415</b>	<b>308,151,440</b>
<b>EXPENDITURE</b>			
Employee related costs	25	128,080,594	114,874,802
Remuneration of Councillors	26	7,325,281	5,887,584
Debt Impairment	27	5,803,128	3,877,917
Depreciation and Amortisation	28	19,891,810	17,589,049
Impairments	29	147,434	279,525
Assets written-off		2,598	3,088,941
Stock written-off		132,443	4,321
Repairs and Maintenance		12,671,765	12,521,971
Actuarial losses	3	597,104	13,187,824
Finance Charges	30	9,285,983	9,545,654
Bulk Purchases	31	101,206,087	77,834,292
Contracted services		12,463,747	10,830,886
Stock Adjustments		-	15,476
Operating Grant Expenditure		18,489,077	21,730,019
Fruitless and Wasteful Expenditure		-	324,921
General Expenses	32	50,895,058	42,247,709
<b>Total Expenditure</b>		<b>366,792,098</b>	<b>333,460,771</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(5,834,682)</b>	<b>(25,309,331)</b>

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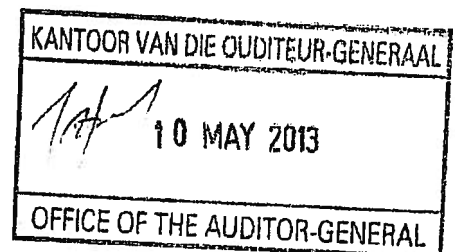
  
10 MAY 2013

OFFICE OF THE AUDITOR-GENERAL

**ODTSHOORN LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>
<b>2010</b>		
<b>Balance at 1 JULY 2010</b>	<b>454,427,584</b>	<b>454,427,584</b>
Correction of error	8,923,820	8,923,820
<b>Restated Balance at 30 JUNE 2010</b>	<b>463,351,205</b>	<b>463,351,205</b>
<b>2011</b>		
Net Deficit for the year	(25,308,331)	(25,308,331)
Transfer of housing Development Fund		
<b>Restated Balance at 30 JUNE 2011</b>	<b>438,041,874</b>	<b>438,041,874</b>
<b>2012</b>		
Net Deficit for the year	(5,834,682)	(5,834,682)
<b>Balance at 30 JUNE 2012</b>	<b>432,207,191</b>	<b>432,207,191</b>

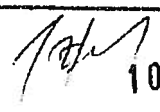




**OUDTSHOORN LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	30 JUNE 2012 R	30 JUNE 2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		259,437,247	201,994,549
Government - operating		56,441,830	59,148,826
Government - capital		30,944,037	15,685,465
Interest		7,688,509	8,092,378
<b>Payments</b>			
Suppliers and employees		(334,441,257)	(250,575,415)
Finance charges	30	(9,285,963)	(9,545,654)
<b>Cash generated by operations</b>	34	10,784,402	24,800,148
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	12	(34,948,441)	(49,740,518)
Purchase of Intangible Assets		-	(167,963)
<b>Net Cash from Investing Activities</b>		(34,948,441)	(49,908,481)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(9,594,326)	(6,330,005)
New loans raised		-	44,169,325
Increase in Consumer Deposits		334,392	276,718
<b>Net Cash from Financing Activities</b>		(9,259,935)	38,116,038
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		(33,423,974)	13,007,705
Cash and Cash Equivalents at the beginning of the year		48,988,453	35,980,748
Cash and Cash Equivalents at the end of the year	35	15,564,478	48,988,453
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		(33,423,974)	13,007,705

KANTOOR VAN DIE OUDITEUR-GENERAAL
 <b>10 MAY 2013</b>
OFFICE OF THE AUDITOR-GENERAL



**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

The municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective.

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012

The municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	1 April 2012

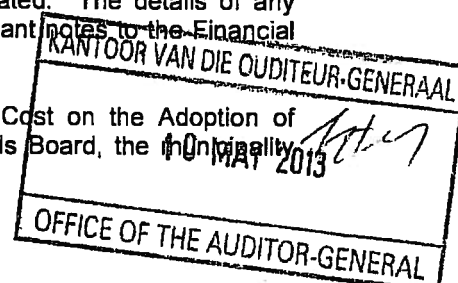
Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

### 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

### 1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

### 1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. This is as per the requirement of GRAP1.49. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.5. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not yet effective, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

### 1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
<b>GRAP 6 (Revised)</b>	<b>Consolidated and Separate Financial Statements</b> No significant impact is expected as the municipality has a single entity with low volume of transactions.	Unknown
<b>GRAP 7</b>	<b>Investments in Associate</b> No significant impact is expected as the municipality	Unknown
		MAY 2013
		OFFICE OF THE AUDITOR-GENERAL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

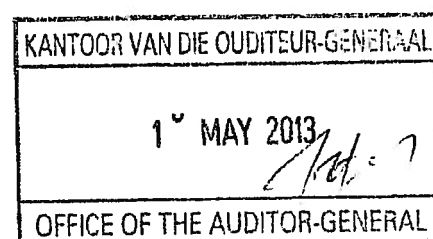
<b>(Revised)</b>	does not participate in such business transactions.	
<b>GRAP 8 (Revised)</b>	<b>Interest In Joint Ventures</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 18</b>	<b>Segment Reporting</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>Unknown</b>
<b>GRAP 24</b>	<b>Presentation of Budget Information in Financial Statements</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>1 April 2012</b>
<b>GRAP 25</b>	<b>Employee Benefits</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>Unknown</b>
<b>GRAP 103</b>	<b>Heritage Assets</b> No adjustments necessary as the municipality has no significant heritage assets.	<b>1 April 2012</b>
<b>GRAP 104</b>	<b>Financial Instruments</b> Information to a large extent is already included in the notes to the annual financial statements.	<b>1 April 2012</b>
<b>GRAP 105</b>	<b>Transfer of Functions Between Entities Under Common Control</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 106</b>	<b>Transfer of Functions Between Entities Not Under Common Control</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>
<b>GRAP 107</b>	<b>Mergers</b> No significant impact is expected as the municipality does not participate in such business transactions.	<b>Unknown</b>

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

### 1.7. RESERVES

#### 1.7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.



## 1.8 LEASES

### 1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease assets.

### 1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease liabilities.

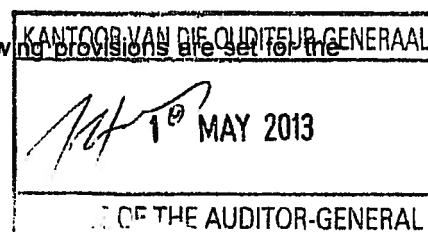
## 1.9 GOVERNMENT GRANTS AND RECEIPTS

### 1.9.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:



- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **1.9.2 Unpaid Conditional Government Grants and Receipts**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

#### **1.10 UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

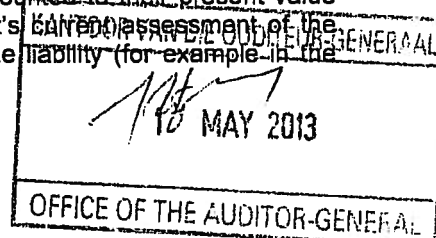
Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **1.11 PROVISIONS**

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).



The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

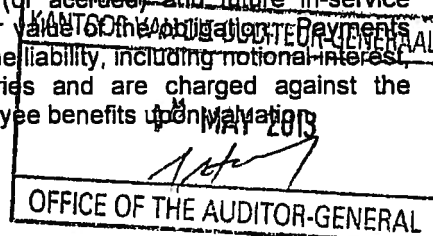
If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

## **1.12 EMPLOYEE BENEFITS**

### **(a) Post Retirement Medical Obligations**

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits up to 30 May 2013.





Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(b) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by Independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(c) Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. Leave is non-vesting as per GRAP 25.14.

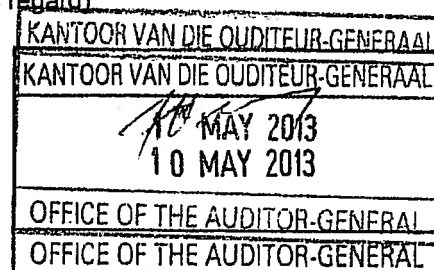
**(d) Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrued to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**(e) Pension and Retirement Fund Obligations**

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans. (see note 4.3 in the Financial Statements in this regard)

**Short term Employee Benefits**



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

### 1.13. PROPERTY, PLANT AND EQUIPMENT

#### 1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

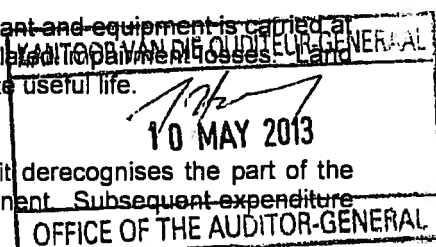
Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	10-30	Buildings	100
Pedestrian Malls	30	Specialist vehicles	10-20
Electricity	20-30	Other vehicles	5-7
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	5-15
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Buildings	100	Equipment	5-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	100	Landfill sites	20
Libraries	1000	Quarries	25
Parks and gardens	15-20	Emergency equipment	5-15
Other assets	15-20	Computer equipment	3-5

### Finance lease assets

Office equipment	3
Other assets	5-6

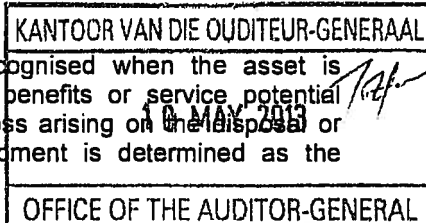
Finance lease assets are depreciated over the shortest period of the useful life of the asset or the term of the finance lease agreement.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.13.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the



difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.13.5 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 4)**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

**1.14 INTANGIBLE ASSETS**

**1.14.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

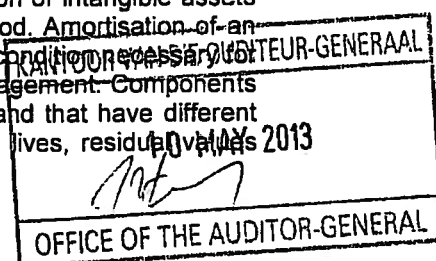
Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

**1.14.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.14.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b>Intangible Assets</b>	<b>Years</b>
Computer Software	5
Computer Software Licenses	5

### **1.14.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.14.5 Application of deemed cost (Directive 4)**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

## **1.15. INVESTMENT PROPERTY**

### **1.15.1 Initial Recognition**

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

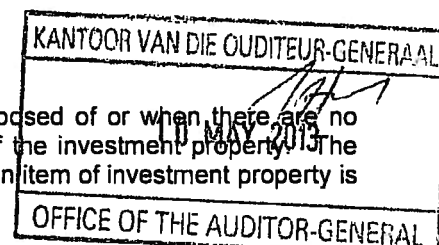
Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### **1.15.2 De-recognition**

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is



determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.15.3 Application of deemed cost - Directive 4**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.16.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

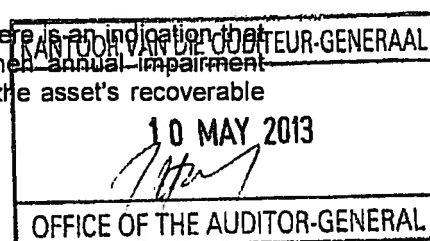
An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.16.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the following approach:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

### 1.17 NON CURRENT INVESTMENTS

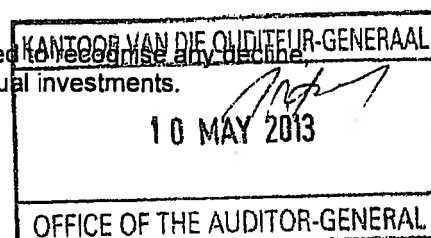
Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline other than a temporary decline, in the value of individual investments.

### 1.18 INVENTORIES



### 1.18.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business, unless they are to be distributed. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### 1.18.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs

## 1.19. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

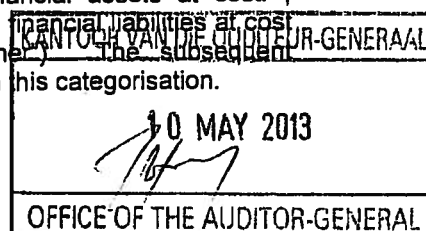
### 1.19.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

### 1.19.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### 1.19.2.1 Receivables





Receivables are classified as financial instruments at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

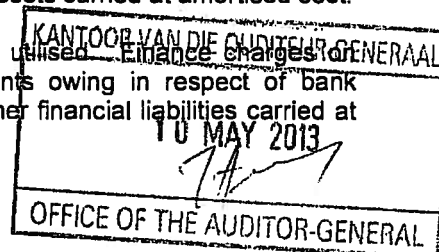
**1.19.2.2**      *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.19.2.3**      *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.



### **1.19.3 De-recognition of Financial Instruments**

#### **1.19.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.19.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

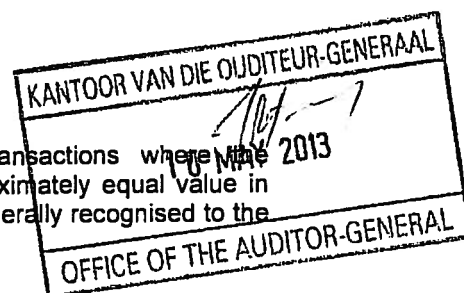
### **1.19.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **20 REVENUE**

### **1.20.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fines are recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

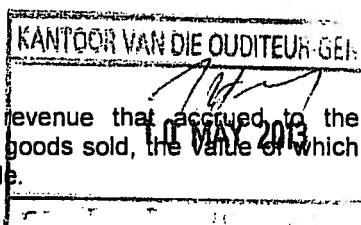
Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

### 1.20.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the Invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

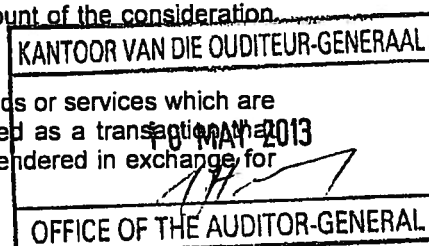
The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for



dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.20.3 Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**1.21 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

**(a) Related parties include:**

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

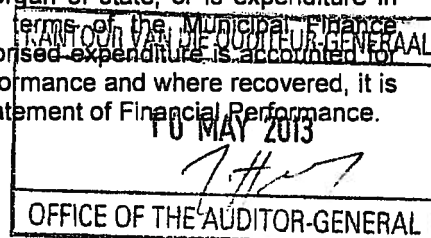
**(b) Key management personnel include:**

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.22 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.23 IRREGULAR EXPENDITURE**



Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.24 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.25 CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

#### **1.26 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

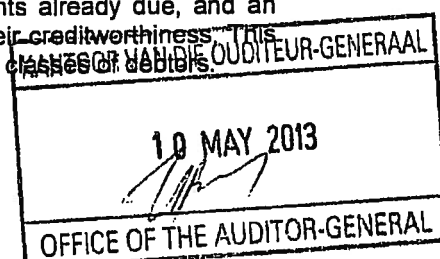
##### ***Post Retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities***

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### ***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

##### ***Property, Plant and Equipment***



The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different Infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### ***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

#### ***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

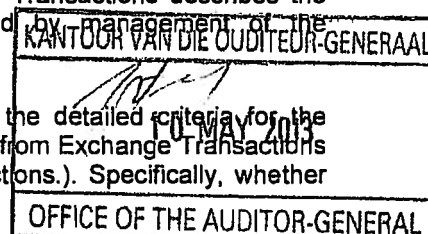
#### ***Provisions and Contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### ***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether



the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

***Provision for Task Implementation and Back Pay***

The provision at 30 June 2012 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

The provision at 30 June 2012 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

***Provision for Staff leave***

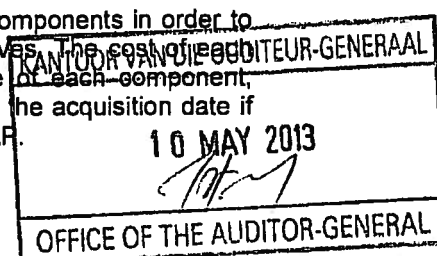
Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

***Componentisation of infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.



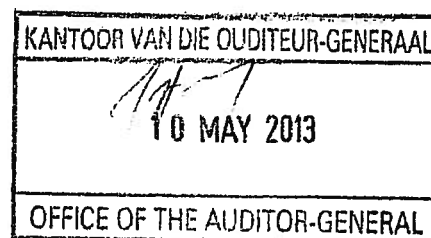


**1.27 TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.28 AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.



KANTOOR VAN DIE OUDITEUR-GENERAAL
10 MAY 2013
OFFICE OF THE AUDITOR-GENERAL

**OUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

2

**LONG-TERM LIABILITIES**

	2012 R	2011 R
Annuity Loans - At amortised cost	74,848,810	82,875,910
Capitalised Lease Liability - At amortised cost	3,953,487	8,718,709
	<u>78,802,298</u>	<u>91,594,619</u>
Current Portion transferred to Current Liabilities	(9,971,208)	(9,337,432)
	<u>(9,971,208)</u>	<u>(9,337,432)</u>
	<u>68,831,090</u>	<u>82,257,187</u>
	<u>68,831,092</u>	<u>82,257,183</u>
Total Long-term Liabilities - At amortised cost using the effective interest rate method		

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below.

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	18,188,048	17,874,343
Payable within two to five years	53,075,703	60,122,854
Payable after five years	46,021,259	61,048,326
	<u>116,284,010</u>	<u>139,045,523</u>
Less: Future finance obligations	(40,437,208)	(50,106,887)
Present value of annuity obligations	<u>74,046,810</u>	<u>82,875,918</u>

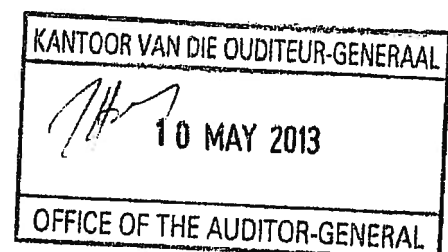
Annuity loans at amortised cost are calculated between 10.07% and 15.87% interest rate, with the first maturity date on 31 March 2014 and the last maturity date on 30 June 2027.

The obligations under finance leases are scheduled below.

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	1,716,791	2,130,655
Payable within two to five years	2,829,545	4,668,260
Payable after five years	-	-
	<u>4,546,336</u>	<u>6,798,915</u>
Less: Future finance obligations	(562,049)	(1,080,442)
Present value of lease obligations	<u>3,983,487</u>	<u>8,718,709</u>

Leases are secured by property, plant and equipment - Note 12

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.



**OUDESHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>3 EMPLOYEE BENEFITS</b>		
Post Retirement Benefits - Refer to Note 3.1	60,947,845	48,235,839
Long Service Awards - Refer to Note 3.2	4,688,408	3,724,811
<b>Total Non-current Employee Benefit Liabilities</b>	<b>65,636,253</b>	<b>51,960,650</b>
	2012 R	2011 R
<b>Post Retirement Benefits</b>		
Balance 1 July	51,285,383	38,841,438
Contribution for the year	(2,040,744)	(1,945,248)
Interest Cost	4,338,386	3,322,297
Current Service Cost	2,062,851	1,387,701
Actuarial Loss/(Gain)	(2,923,347)	11,888,197
<b>Total post retirement benefits 30 June</b>	<b>62,741,329</b>	<b>51,288,383</b>
Less: Transfer of Current Portion - Note 6	(1,793,484)	(2,048,744)
<b>Balance 30 June</b>	<b>60,947,845</b>	<b>49,239,639</b>
<b>Long Service Awards</b>		
Balance 1 July	4,248,027	2,081,014
Contribution for the year	(550,401)	(706,824)
Interest Cost	310,434	252,892
Expenditure for the year	552,683	352,218
Actuarial Loss/(Gain)	897,104	1,528,527
<b>Total long service 30 June</b>	<b>5,187,777</b>	<b>4,248,827</b>
Less: Transfer of Current Portion - Note 6	(500,369)	(523,116)
<b>Balance 30 June</b>	<b>4,688,408</b>	<b>3,724,811</b>
<b>TOTAL NON-CURRENT EMPLOYEE BENEFITS</b>		
Balance 1 July	55,533,410	39,722,458
Contribution for the year	(2,900,229)	(2,712,972)
Interest cost	4,848,820	3,574,358
Expenditure for the year	2,645,344	1,748,519
Actuarial Loss/(Gain)	(2,328,243)	13,187,824
<b>Total employee benefits 30 June</b>	<b>67,899,108</b>	<b>54,533,410</b>
Less: Transfer of Current Portion - Note 6	(2,362,853)	(2,572,860)
<b>Balance 30 June</b>	<b>65,536,253</b>	<b>51,960,550</b>
	2012 R	2011 R
<b>3.1 Post Retirement Benefits</b>		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	306	310
Continuation members (e.g. Retirees, widows, orphans)	82	80
<b>Total Members</b>	<b>388</b>	<b>399</b>
The liability in respect of past service has been estimated to be as follows:		
In-service members	24,822,212	20,155,009
Continuation members	27,818,117	31,130,374
<b>Total Liability</b>	<b>52,640,329</b>	<b>51,285,383</b>
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**3.1 Post Retirement Benefits (Continued)**

	2011 R	2010 R	2009 R
In-service members	20,155,009	14,847,811	13,149,805
Continuation members	31,130,374	22,103,625	21,592,841
<b>Total Liability</b>	<b>51,285,383</b>	<b>36,951,436</b>	<b>34,742,646</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;

LA Health;

Samwumbe, and

KeyHealth.

Key actuarial assumptions used:

**i) Rate of Interest**

Discount rate  
Health Care Cost Inflation Rate  
Net Effective Discount Rate

2012 %	2011 %
7.82%	8.62%
6.53%	7.38%
0.83%	1.28%

**ii) Mortality rates**

The PA 60 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and B-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

	2012 R	2011 R
Present value of fund obligations	52,741,329	51,285,383
<b>Net Liability (Asset)</b>	<b>62,741,329</b>	<b>51,285,383</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

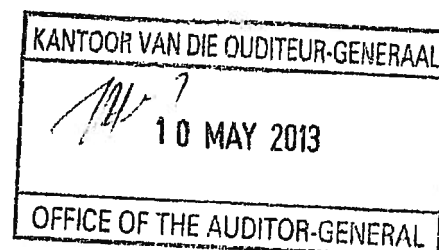
Present value of fund obligation at the beginning of the year	51,285,383	36,951,436
Total expenses	4,379,293	2,774,750
Current service cost	(2,048,744)	(1,945,248)
Interest Cost	4,336,386	3,322,387
Benefits Paid	2,092,651	1,387,761
Actuarial (gains)/losses	(2,923,347)	11,069,187
Present value of fund obligation at the end of the year	52,741,329	51,285,383
Less: Transfer of Current Portion - Note 6	(1,793,484)	(2,048,744)
<b>Balance 30 June</b>	<b>50,947,845</b>	<b>49,236,639</b>

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	24.02	27.82	52.741

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	30.27	31.18	61.454	17%
Health care inflation	-1%	26.72	24.074	50.794	-13%
Post-retirement mortality	-1 year	25.75	28.88	54.610	4%
Average retirement age	-1 year	26.78	27.818	54.592	3%
Withdrawal Rate	-30%	27.51	27.818	55.328	5%



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**3.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses:

2012                      2011

579                      602

Key actuarial assumptions used:

i) Rate of Interest

	2012	2011
	%	%
Discount rate	8.48%	7.78%
General Salary Inflation (long-term)	5.98%	6.27%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.49%	1.42%

2012                      2011  
R                      R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	5,167,777	4,248,027
<b>Net Liability</b>	<b>5,167,777</b>	<b>4,248,027</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011	2010	2009
	R	R	R
<b>Total Liability</b>	<b>4,248,027</b>	<b>2,881,014</b>	<b>2,406,209</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	4,248,027	2,881,014
Total expenses	312,048	(161,814)
Current service cost	(550,481)	(706,824)
Interest Cost	310,434	252,892
Bonuses Paid	552,693	352,216
Actuarial (gains)/losses	597,104	1,326,627
Present value of fund obligation at the end of the year	5,167,777	4,248,027
Less: Transfer of Current Portion - Note 6	(569,369)	(523,110)
<b>Balance 30 June</b>	<b>4,598,408</b>	<b>3,724,917</b>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		5,518	
General salary inflation	1%	5,512	7%
General salary inflation	-1%	4,836	-6%
Average retirement age	-2yrs	4,383	-15%
Average retirement age	2yrs	5,932	16%
Withdrawal rates	-50%	6,204	20%

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**OUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**3.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 98.1% (30 June 2010 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.

	2012 R	2011 R
Contributions paid recognised in the Statement of Financial Performance	134,648	138,789

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2010 - 100.3%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.

Contributions paid recognised in the Statement of Financial Performance	12,508,723	11,784,134
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**DEFINED CONTRIBUTION FUNDS**

Council contributes to the Municipal Council Pension Fund and Outshoorn Municipal Workers Annuity Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Council Pension Fund	52,005	996,839
Outshoorn Municipal Workers Annuity Fund	4,281,403	4,277,248
Cape Joint Retirement Fund for Councillors	334,823	14,335
	<u>4,868,031</u>	<u>5,288,422</u>
	2012 R	2011 R

**4 NON-CURRENT PROVISIONS**

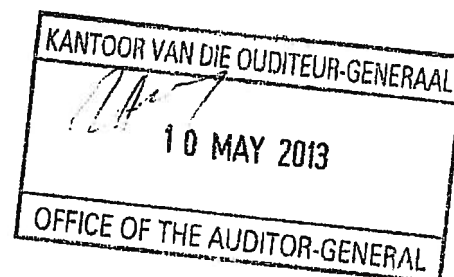
Provision for Rehabilitation of Landfill sites	75,881,960	70,357,815
Total Non-current Provisions	<u>75,881,960</u>	<u>70,357,815</u>

The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following non-current provisions:

	2012 R	2011 R
<b>Landfill Sites</b>		
Balance 1 July	70,357,815	75,509,813
Contribution for the year	104,825	3,647,902
Total provision 30 June	<u>70,462,640</u>	<u>79,157,715</u>
Less: Transfer of Current Portion to Current Provisions - Note 7	(3,570,660)	-
Balance 30 June	<u>76,891,960</u>	<u>79,157,715</u>

The landfill sites consist of the following solid waste disposal sites with a remaining useful life of:

	2012 No of Years	2011 No of Years
Grootkop Landfill	43	44
Dysselsdorp Landfill	1	2
De Rust Landfill	2	3



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>CONSUMER DEPOSITS</b>		
Electricity	2,428,522	2,278,700
Water	2,720,821	2,535,961
Other	(875)	(875)
<b>Total Consumer Deposits</b>	<b>5,148,268</b>	<b>4,814,876</b>
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

	2012 R	2011 R
<b>CURRENT EMPLOYEE BENEFITS</b>		
Current Portion of Post Retirement Benefits - Note 3	1,783,484	2,049,744
Current Portion of Long-Serve Provisions - Note 3	589,388	523,116
Staff Leave	6,045,522	5,707,247
Bonuses	3,088,731	2,714,831
Pension fund shortages	-	357,343
TASK Evaluation	4,538,519	1,077,065
<b>Total Current Employee Benefits</b>	<b>16,035,624</b>	<b>12,428,141</b>

The movement in current employee benefits are reconciled as follows:

**Staff Leave**

Balance at beginning of year	5,707,247	4,032,042
Contribution to current portion	692,633	1,288,105
Expenditure incurred	(354,358)	(492,079)
<b>Balance at end of year</b>	<b>6,045,522</b>	<b>5,707,247</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be released as employees take leave. There is no possibility of reimbursement.

**Bonuses**

Balance at beginning of year	2,714,831	3,374,020
Contribution to current portion	5,185,389	4,428,733
Expenditure incurred	(5,062,328)	(4,088,123)
<b>Balance at end of year</b>	<b>2,837,892</b>	<b>2,714,831</b>

**Performance Bonuses**

Balance at beginning of year	-	-
Contribution to current portion	251,039	-
<b>Balance at end of year</b>	<b>251,039</b>	<b>-</b>

**Pension fund shortages**

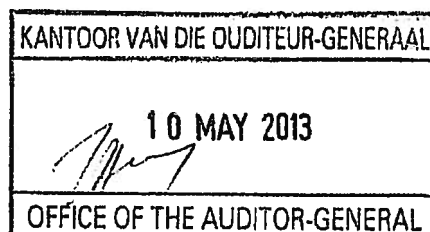
Balance at beginning of year	357,343	284,757
Contribution to current portion	30,542	62,588
Expenditure incurred	(387,884)	-
<b>Balance at end of year</b>	<b>-</b>	<b>357,343</b>

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The municipality has paid the shortfall over to the retirement fund.

**TASK Evaluation**

Balance at beginning of year	1,077,065	-
Contribution to current portion	3,481,454	1,077,065
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>4,538,519</b>	<b>1,077,065</b>

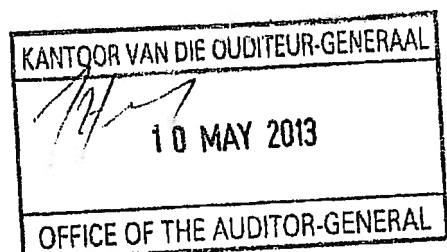
The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive backpay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.





**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>7 PROVISIONS</b>		
Current Portion of Rehabilitation of Landfills - Note 3	3,570,680	-
<b>Total Provisions</b>	<b>3,570,680</b>	<b>-</b>
	<b>2012 R</b>	<b>2011 R</b>
<b>8 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	18,482	10,055
Pre-paid electricity	233,500	623,606
Sundry Creditors	24,830,808	33,034,012
Payments received in advance	3,827,296	2,041,778
Retention fees	101,419	100,000
Workmen's Compensation	570,886	1,628,333
Unallocated Juris debtors	1,215,565	380,000
Sundry Deposits	863,824	755,276
<b>Total Trade Payables</b>	<b>31,689,840</b>	<b>40,495,288</b>
Payables are being recognised net of any discounts.		
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
The carrying value of trade and other payables approximates its fair value.		
Sundry deposits include half, builders and housing Deposits.		
	<b>2012 R</b>	<b>2011 R</b>
<b>9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
Unspent Grants	8,358,464	9,075,523
National Government Grants	2,134,853	7,159,562
Provincial Government Grants	6,061,770	2,354,120
District Municipality	161,841	161,841
Less: Unpaid Grants	62,020	665,374
National Government Grants	62,020	711,860
Provincial Government Grants	-	152,514
<b>Total Conditional Grants and Receipts</b>	<b>8,296,444</b>	<b>8,810,149</b>
See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
	<b>2012 R</b>	<b>2011 R</b>
<b>10 UNSPENT PUBLIC CONTRIBUTIONS</b>		
Tuinkies Consulting Engineers	111,200	111,200
Alpha van den Rijn	-	-
Wain Karoo Agri	1,851	1,851
National Lottery	14,020	14,021
Donation N.A. Smi	117,303	117,303
Umsobombo Youth Fund	-	-
<b>Total Unspent Public Contributions</b>	<b>244,374</b>	<b>244,375</b>
<b>UNPAID PUBLIC CONTRIBUTIONS</b>		
Standard Bank Sport Development	-	(125,268)
	-	(125,268)
<b>Reconciliation of public contributions</b>		
Opening balance	119,087	1,412,487
Contributions received	270,000	716,576
Conditions met - Transferred to revenue	(144,712)	(2,699,970)
<b>Closing balance</b>	<b>244,375</b>	<b>119,087</b>
<b>Tuinkies Consulting Engineers</b>		
Opening balance	111,200	111,200
Closing balance	111,200	111,200
An amount was conditionally donated towards a study bursary for an engineering student		



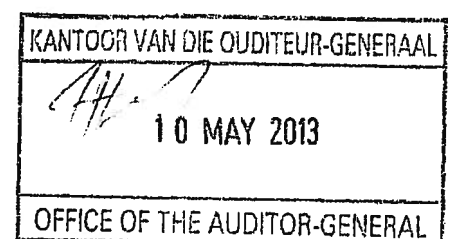
**OUDESHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

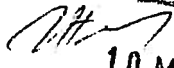
	2012 R	2011 R
<b>10 UNSPENT PUBLIC CONTRIBUTIONS (Continued)</b>		
Alpha aan den Rijn		
Opening balance	-	257,512
Contributions received	-	121,579
Conditions met - Transferred to revenue	-	(379,490)
Closing balance	-	-
Donation from the municipalities living city in the Netherlands towards an AIDS prevention campaign		
Klein Kermis Agri		
Opening balance	1,851	60,000
Contributions received	-	-
Conditions met - Transferred to revenue	-	(58,149)
Closing balance	1,851	1,851
Donation towards the erection of a gravestone at the Suissterdijk graveyard		
National Lottery		
Opening balance	14,021	784,291
Contributions received	-	485,000
Conditions met - Transferred to revenue	-	(1,265,289)
Closing balance	14,021	14,021
Donation towards the upgrading of rural sport facilities		
Donation N.A. Bmit		
Opening balance	117,303	117,303
Closing balance	117,303	117,303
Donation for a study bursary		
Umsobombe Youth Fund		
Opening balance	-	81,783
Contributions received	-	-
Conditions met - Transferred to revenue	-	(81,783)
Closing balance	-	-
A donation to facilitate and promote participation of the youth in the mainstream economy		
Standard Bank Sport Development		
Opening balance	(125,288)	-
Contributions received	270,000	100,000
Conditions met - Transferred to revenue	(144,712)	(225,288)
Closing balance	-	(125,288)
	2012 R	2011 R
<b>11 TAXES</b>		
<b>11.1 VAT PAYABLE</b>		
VAT Payable	34,674,823	10,474,242
Total Vat payable	34,674,823	10,474,242
<b>11.2 VAT RECEIVABLE</b>		
VAT input in suspense	39,707,547	22,880,811
Total VAT receivable	39,707,547	22,880,811
<b>11.3 NET VAT RECEIVABLE(PAYABLE)</b>		
VAT is receivable/payable on the cash basis.	5,032,723	6,406,370
<b>12 PROPERTY, PLANT AND EQUIPMENT</b>		
See attached sheet		

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10 MAY 2013

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**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**12 PROPERTY, PLANT AND EQUIPMENT (Continued)**

**12.1 Assets pledged as security:**

All the assets which are obtained by financial leases are pledged as security. See Annexure A for a comprehensive description

	2012 R	2011 R
<b>13 CAPITALISED RESTORATION COST</b>		
Net Carrying amount at 1 July	9,548,825	10,067,140
Cost	15,782,041	15,782,041
Accumulated Depreciation	(5,879,374)	(6,840,576)
Accumulated Impairments	(384,443)	(84,918)
Movement	(280,843)	(818,326)
Depreciation for the year	(225,407)	(238,799)
Impairment	(22,730)	(278,525)
Net Carrying amount at 30 June	9,268,182	9,548,825
Cost	15,782,041	15,782,041
Accumulated Depreciation	(6,107,781)	(6,840,576)
Accumulated Impairment	(392,178)	(84,918)
	2012 R	2011 R

**14 INVESTMENT PROPERTY**

Net Carrying amount at 1 July

Cost	88,401,168	88,600,710
Accumulated Depreciation	(7,508,700)	(7,508,700)
Depreciation for the year	(401,810)	(399,542)
Net Carrying amount at 30 June	80,490,658	80,792,468
Cost	87,598,700	87,598,700
Accumulated Depreciation	(1,508,448)	(1,197,532)
Accumulated Impairment	-	-

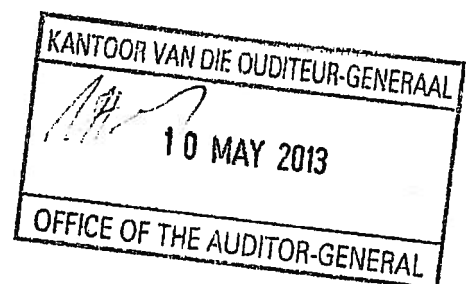
Since the previous reporting date the following Investment Property were measured in accordance with GRAP 16 and restated retrospectively:

Cost	-	75,859,530
Accumulated Depreciation	-	1,804,592
Total not previously recognised now restated retrospectively	-	77,664,122

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	1,737,335	2,263,053
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**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>18 INTANGIBLE ASSETS</b>		
Computer Software		
Net Carrying amount at 1 July	283,578	288,138
Cost	631,082	2,965,478
Accumulated Amortisation	(378,104)	(2,377,341)
Additions	-	167,063
Amortisation	(85,880)	(80,798)
Written off	-	(102,721)
Disposals	-	-
Net Carrying amount at 30 June	167,697	283,681
Cost	631,082	631,082
Accumulated Amortisation	(463,985)	(378,104)
Accumulated Impairment	-	-

The following material intangible assets are included in the carrying value above

Description	Amortisation Estimate	Carrying Value	
		2012 R	2011 R
Microsoft Office and Windows software	5	167,697	332,333

No intangible asset were assessed as having an indefinite useful life.

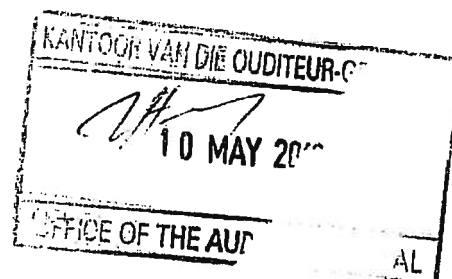
There are no internally generated intangible assets at reporting date.

There are no intangible assets whose use is restricted.

There are no intangible assets pledged as security for liabilities.

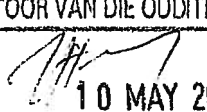
There are no contractual commitments for the acquisition of intangible assets.

	2012 R	2011 R
<b>19 INVENTORY</b>		
Maintenance Materials - At cost	1,168,093	1,521,890
Stock - Shop Cango Resort-at cost	-	-
Water - at cost	240,285	208,106
Total Inventory	1,418,358	1,730,006
Consumable stores materials written down due to losses as identified during the annual stores counts	132,443	4,321
Consumable stores materials surplus/losses identified during the annual stores counts	-	-
Inventory recognised as an expense during the year	233,514	4,448



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

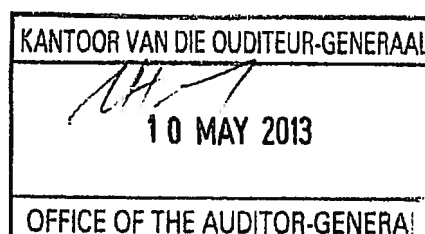
	2012 R	2011 R
<b>17 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	12,758,287	15,840,138
Water	10,175,673	13,041,485
Refuse	13,348,111	11,828,590
Klein Karoo Water scheme	3,151,601	3,307,533
Sewerage	13,002,879	14,212,280
Payments received in advance	3,384,870	2,772,138
Units not billed	3,371,831	2,626,520
Housing Rentals	380	603
Other	7,202,609	6,448,160
<b>Total Receivables from Exchange Transactions</b>	<b>78,074,127</b>	<b>70,878,438</b>
Less: Allowance for Doubtful Debts	(33,489,309)	(28,450,848)
<b>Total Net Receivables from Exchange Transactions</b>	<b>42,584,818</b>	<b>42,427,590</b>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
<b>Ageing of Receivables from Exchange Transactions:</b>		
<b>(Electricity): Ageing</b>		
Current (0 - 30 days)	8,048,898	8,715,550
31 - 60 Days	337,477	889,517
61 - 90 Days	317,223	1,503,836
> 90 Days	3,054,891	4,631,034
<b>Total</b>	<b>12,758,287</b>	<b>15,840,138</b>
<b>(Water): Ageing</b>		
Current (0 - 30 days)	2,708,832	1,575,704
31 - 60 Days	1,087,827	1,187,317
61 - 90 Days	1,015,802	1,007,009
> 90 Days	14,383,212	8,891,466
<b>Total</b>	<b>10,175,673</b>	<b>13,041,485</b>
<b>(Refuse): Ageing</b>		
Current (0 - 30 days)	690,122	861,598
31 - 60 Days	274,840	257,276
61 - 90 Days	256,226	231,373
> 90 Days	12,116,111	10,479,343
<b>Total</b>	<b>13,348,111</b>	<b>11,828,590</b>
<b>(Klein Karoo Water Scheme): Ageing</b>		
Current (0 - 30 days)	293,068	370,138
31 - 60 Days	140,375	109,559
61 - 90 Days	82,308	61,341
> 90 Days	2,835,811	2,767,485
<b>Total</b>	<b>3,151,601</b>	<b>3,307,533</b>

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**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

17	RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)	2012 R	2011 R
	<i>(Soveraen): Ageing</i>		
	Current (0 - 30 days)	172,779	1,404,167
	31 - 60 Days	371,385	344,074
	61 - 90 Days	354,687	305,355
	+ 90 Days	12,704,076	12,158,664
	<b>Total</b>	<b>13,602,927</b>	<b>14,212,260</b>
	<i>(Payments received in Advance): Ageing</i>		
	Current (0 - 30 days)	3,384,570	2,772,139
	<b>Total</b>	<b>3,384,570</b>	<b>14,212,260</b>
	<i>(Units not billed): Ageing</i>		
	Current (0 - 30 days)	3,371,831	2,826,520
	<b>Total</b>	<b>3,371,831</b>	<b>14,212,260</b>
	<i>(Rand): Ageing</i>		
	+ 90 Days	388	603
	<b>Total</b>	<b>388</b>	<b>14,212,260</b>
	<i>(Other): Ageing</i>		
	Current (0 - 30 days)	1,129,202	1,289,806
	31 - 60 Days	20,577	89,604
	61 - 90 Days	35,892	950,379
	+ 90 Days	5,724,182	4,133,684
	<b>Total</b>	<b>6,919,853</b>	<b>6,449,763</b>
	<i>(Total): Ageing</i>		
	Current (0 - 30 days)	21,272,165	19,804,712
	31 - 60 Days	2,221,261	2,973,457
	61 - 90 Days	2,082,141	4,059,394
	+ 90 Days	50,518,540	44,041,875
	<b>Total</b>	<b>76,074,127</b>	<b>70,879,438</b>
	<b>Reconciliation of Provision for Bad Debts</b>		
	Balance at beginning of year	28,450,946	24,907,808
	Contribution to provision	5,038,363	3,543,138
	Bad Debts Written Off	-	-
	<b>Balance at end of year</b>	<b>33,489,309</b>	<b>28,450,946</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.





**ODUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

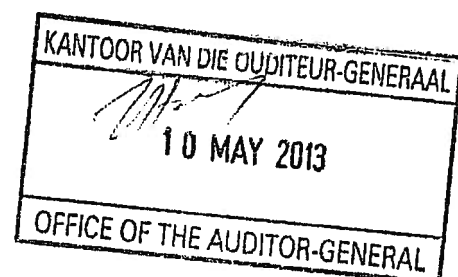
	2012 R	2011 R
<b>18 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Rates	14,774,965	14,804,458
Other Receivables	5,025,588	2,922,856
Payments in advance	242,728	168,639
Suspense Debits	4,782,863	2,753,217
Less: Impairment Charge Carries Loss	-	-
<b>Total Receivables from Non-Exchange Transactions</b>	<b>19,800,554</b>	<b>17,727,312</b>
Less: Allowance for Doubtful Debits	(5,832,577)	(5,285,977)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>13,967,977</b>	<b>12,441,335</b>
<b>Ageing of Receivables from Non-Exchange Transactions:</b>		
<i>(Rates): Ageing</i>		
Current (0 - 30 days)	2,693,637	2,488,294
31 - 60 Days	475,672	447,175
61 - 90 Days	427,180	391,843
+ 90 Days	11,178,278	11,477,144
<b>Total</b>	<b>14,774,965</b>	<b>14,804,458</b>
<b>Reconciliation of Provision for Bad Debits</b>		
Balance at beginning of year	6,285,977	5,154,586
Contribution to provision/(Reversal of provision)	564,763	134,779
Bad Debts Written Off	(18,162)	(3,388)
<b>Balance at end of year</b>	<b>6,832,578</b>	<b>5,285,977</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2012 R	2011 R
<b>19 OPERATING LEASE ARRANGEMENTS</b>		
<b>19.1 The Municipality as Lessee (Liability)</b>		
Balance on 1 July	18,641	25,691
Movement during the year	(18,641)	(8,056)
<b>Balance on 30 June</b>	<b>-</b>	<b>18,641</b>
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	-	271,685
1 to 5 Years	-	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<b>-</b>	<b>271,685</b>
Operating leases consist only out of an agreement with ... for the rental of the Wescott Building.		
<b>19.2 The Municipality as Lessor (Asset)</b>		
Balance on 1 July	575,691	18,864
Movement during the year	592,134	556,807
<b>Balance on 30 June</b>	<b>1,077,824</b>	<b>575,691</b>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	1,013,782	958,301
1 to 5 Years	4,374,303	4,222,524
More than 5 Years	20,517,280	21,602,932
<b>Total Operating Lease Arrangements</b>	<b>25,905,458</b>	<b>26,863,757</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for several purposes.



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

20

**CASH AND CASH EQUIVALENTS**

**Assets**

Call Investments Deposits  
 Bank Accounts  
 Cash Flows

**Total Cash and Cash Equivalents - Assets**

2012 R	2011 R
12,107,740	35,167,206
3,446,204	13,810,710
10,534	10,534
<b>15,564,478</b>	<b>48,988,450</b>

**Liabilities**

Primary Bank Account

**Total Cash and Cash Equivalents - Liabilities**

-	-
<b>-</b>	<b>-</b>

Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investment Deposits to an amount of R 12,107,740, is held to fund the Unspent Conditional Grants (2011: R 8,358,484)

The municipality has the following bank accounts:

**Current Accounts-Cash book balances**

Standard Bank George-Account Number 062786088 (Primary Bank Account)  
 Standard Bank George-Account Number 062785754 (Primary Bank Account)  
 Standard Bank George-Account Number 062787331 (POKWS)  
 Standard Bank George-Account Number 062785426 (Traffic Account)

1,261,878	10,822,705
1,023,846	1,786,462
30,802	38,883
1,061,878	1,162,871
<b>3,446,204</b>	<b>13,810,711</b>

Cash book balance at beginning of year

13,810,710 (10,892,935)

Cash book balance at end of year

3,446,204 13,810,710

**Standard Bank George-Account Number 062786088 (Primary Bank Account)**

Bank statement balance at beginning of year

11,339,035 8,874,887

Bank statement balance at end of year

2,398,080 11,339,035

**Standard Bank George-Account Number 062786764 (Primary Bank Account)**

Bank statement balance at beginning of year

451,802 1,808,507

Bank statement balance at end of year

321,882 451,802

**Standard Bank George-Account Number 062785426 (Traffic Account)**

Bank statement balance at beginning of year

1,162,871 172,788

Bank statement balance at end of year

1,061,878 1,162,871

**Standard Bank George-Account Number 062787331 (POKWS)**

Bank statement balance at beginning of year

91,720 (60,341)

Bank statement balance at end of year

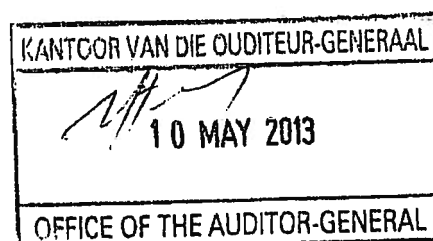
93,870 91,720

**Call Investment Deposits**

Call Investment deposits consist out of the following accounts

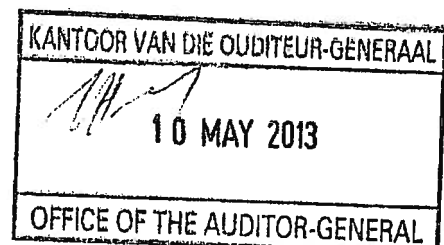
Nedbank Account nr 037881001143083/089  
 Nedbank Account nr 037881001143084/087  
 Nedbank Account nr 037881001143085/086  
 Absa Account nr 20-8788-1100  
 Standard Account nr 068745420/070  
 Standard Account nr 488731232002/005  
 Standard Account nr 488731232002/015  
 Standard Account nr 068745430/066  
 Standard Account nr 488731232001  
 ENB Account nr RU000105058 Income Plus  
 ENB Account nr RU000105038

-	-
-	5,881,138
-	7,184,533
630,488	788,632
-	5,870,812
-	-
9,071,066	-
-	-
1,091,285	1,526,542
514,888	488,446
-	13,408,308
<b>12,107,740</b>	<b>35,167,206</b>



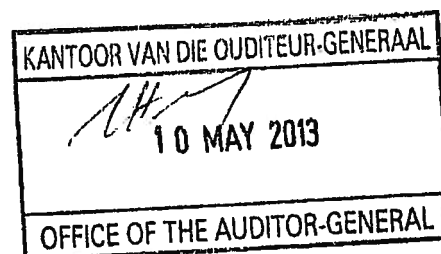
**OUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>21 PROPERTY RATES</b>		
<i>Actual</i>		
Rateable Land and Buildings	43,580,937	39,390,152
Residential, Commercial Property, State	43,580,937	39,390,152
Less: Rebates	(2,646,470)	(2,245,404)
<b>Total Assessment Rates</b>	<b>40,934,467</b>	<b>37,144,748</b>
<i>Valuations - 1 JULY 2011</i>		
Rateable Land and Buildings		
Residential	3,760,705,745	3,796,535,845
Business & Commercial	822,053,940	808,850,740
Churches	207,489,150	200,039,150
Government	601,078,150	603,827,400
Pensioners	4,838,750	12,689,000
Other	185,555,200	130,652,000
Agricultural	772,802,960	773,142,660
<b>Total Assessment Rates</b>	<b>6,335,901,828</b>	<b>6,336,838,828</b>
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008.		
<i>Rates:</i>		
Residential	724003 c/R	658785 c/R
Government	669708 c/R	661607 c/R
Commercial	669786 c/R	661607 c/R
Agricultural	690583 c/R	662346 c/R
Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.		
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
<b>22 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<i>Unconditional Grants</i>	<b>38,490,000</b>	<b>37,429,544</b>
Equitable Share	37,596,000	35,403,044
Water Affairs	1,894,000	2,026,500
<i>Conditional Grants</i>	<b>47,895,868</b>	<b>38,767,933</b>
Grants and donations	47,895,868	37,404,747
<b>Total Government Grants and Subsidies</b>	<b>87,385,868</b>	<b>74,834,291</b>
Government Grants and Subsidies - Capital	30,944,037	15,085,485
Government Grants and Subsidies - Operating	56,441,830	59,148,825
	<b>87,385,867</b>	<b>74,834,291</b>
The municipality does not expect any significant changes to the level of grants.		
<b>22.1 Equitable share</b>		
Grants received	37,596,000	35,403,044
Conditions met - Operating	(37,596,000)	(35,403,044)
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>22.2 Extended Public Works Program</b>		
Opening balance	487,872	352,165
Grants received	3,553,000	1,840,950
Conditions met - Operating	(2,962,069)	(1,095,243)
Conditions still to be met	1,068,203	497,872
Job creation projects in previous disadvantage areas		
<b>22.3 Finance Management Grant</b>		
Opening balance	-	22,348
Grants received	1,250,000	1,000,000
Conditions met - Operating	(1,322,210)	(1,022,348)
Conditions met - Capital	(37,780)	-
Conditions still to be met	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.		



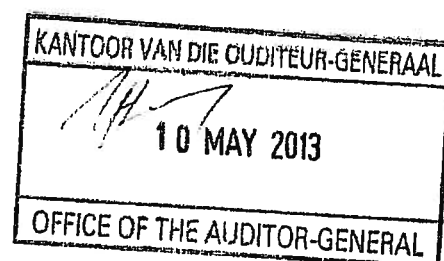
**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>22 GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>22.4 Finance Management Support Grant</b>		
Opening balance	-	-
Grants received	100,000	-
Conditions met - Operating	(100,000)	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Financial Management Support Grant was received from Provincial Treasury to assist with the implementation of the SDBIP and Performance management within the municipality.		
<b>22.6 Municipal Systems Improvement Grant</b>		
Opening balance	(58,784)	(108,938)
Grants received	700,000	750,000
Conditions met - Operating	(731,218)	(899,848)
Grant expenditure to be recovered	-	(50,784)
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury.		
<b>22.8 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	-	1,370,468
Grants received	14,431,000	9,468,800
Transfers	-	-
Conditions met - Operating	(401,000)	(315,730)
Conditions met - Capital	(14,030,000)	(10,552,738)
Conditions still to be met	-	-
The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.		
<b>22.7 Housing Grants</b>		
Opening balance	2,187,338	3,183,434
Grants received	10,331,803	13,047,823
Write off - irrecoverable grant expenditure	-	-
Conditions met - Operating	(8,518,038)	(14,032,118)
Conditions still to be met	3,012,283	2,187,338
Housing grants was utilised for the development of erven and the erection of top structures, paid by the Provincial		
<b>22.8 DME Electrification New Housing Projects</b>		
Opening balance	1,783,160	2,081,408
Grants received	851,000	-
Conditions met - Operating	-	(288,248)
Conditions met - Capital	(1,567,510)	-
Conditions still to be met	1,066,650	1,783,160
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>22.9 Skills</b>		
Opening balance	-	151,738
Grants received	561,318	218,072
Conditions met - Operating	(561,318)	(369,810)
Conditions still to be met	-	-
For training and skills development paid by the National Department of Labour		
<b>22.10 Neighbourhood Development Grant (NDPG)</b>		
Opening balance	4,878,530	1,154,837
Grants received	8,000,000	8,000,000
Conditions met - Operating	-	(4,840)
Conditions met - Capital	(15,024,288)	(4,271,267)
Conditions still to be met	(45,758)	4,878,530
Job creation in the previous disadvantaged areas		
<b>22.11 R210 (OWAF)</b>		
Opening balance	-	-
Grants received	1,000,000	-
Conditions met - Operating	-	-
Conditions met - Capital	(1,000,000)	-
Conditions still to be met	-	-
The grant was given to assist with the water shortage in the area		



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>22 GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>22.12 MILITARY SPORTS ACADEMY</b>		
Opening balance	-	-
Grants received	1,000,000	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	1,000,000	-
The grant was received from the Department of Sport and Cultural affairs for the building of a sport academy		
<b>22.13 CRDP GRANT</b>		
Opening balance	636,814	-
Grants received	-	248,176
Conditions met - Operating	(636,814)	636,814
Conditions met - Capital	-	(248,176)
Conditions still to be met	-	636,814
The grant was received from the Department of Land affairs for Rural Development		
<b>22.14 Other Grants</b>		
Opening balance	148,847	(2,810,570)
Grants received	6,407,660	8,242,496
Transfers and other income	-	-
Conditions met - Operating	(3,668,951)	(4,668,780)
Conditions met - Capital	(64,664)	(613,284)
Write off - Irrecoverable grant expenditure	-	-
Conditions still to be met	2,803,091	148,847
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
<b>22.15 Total Grants</b>		
Opening balance	6,810,149	4,759,885
Grants received	88,872,182	78,247,781
Conditions met - Operating	(58,779,404)	(58,512,012)
Conditions met - Capital	(30,006,482)	(15,885,485)
Conditions still to be met (Grant expenditure to be recovered)	6,266,444	8,810,149
Disclosed as follows		
Unspent Conditional Government Grants and Receipts	8,358,464	9,875,523
Unpaid Conditional Government Grants and Receipts	(82,020)	(885,374)
Reallocated opening balance	8,206,444	8,810,149
<b>23 SERVICE CHARGES</b>		
Electricity	144,476,265	110,924,760
Water	35,611,703	30,557,269
Water Klein Karoo Rural Scheme	5,340,513	5,766,754
Refuse removal	11,818,232	10,389,160
Sewerage and Sanitation Charges	20,750,015	18,382,378
Less: Rebates	(13,707,789)	(11,055,473)
Total Service Charges	204,090,940	173,962,809
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

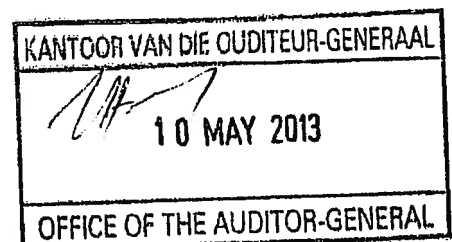
	2012 R	2011 R
<b>24 OTHER INCOME</b>		
Admin Fees	1,568,835	470,188
Advertising Fees	40,526	39,495
Parking Fees	20,074	35,237
Cemeteries	568,804	348,541
Water sundries	144,782	130,727
Traffic	260,577	281,938
Electricity sundries	748,110	608,810
Canoe Mountain Resort	1,365,114	1,485,355
Airport landings	0,783	0,442
Sportgrounds and swimming pools	184,081	168,821
Recovered taxes	2,723,887	-
Townplanning	389,743	308,748
Infrastructure levies	10,380	59,400
Libraries	48,208	79,285
Photocopy and fees	2,845	665
Surplus cash	47,828	39,984
Valuation certificates	17,368	22,439
Reuniting Fees	-	-
Sundries	1,704,888	589,188
<b>Total Other Income</b>	<b>9,888,288</b>	<b>4,748,929</b>

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) or fees for items not included under service charges (camping, fire brigade and impounding fees)

<b>25 EMPLOYEE RELATED COSTS</b>		
Acting Allowance	1,868,180	1,839,124
Bartering Allowance	28,319	29,471
Bonuses	5,082,328	4,749,188
Contribution to Long Service awards	860,210	865,210
Contribution to Post Employment Medical	8,429,038	4,719,086
Contributions to Group Insurance	1,285,141	1,214,572
Contributions to Medical Aid	4,441,324	3,989,203
Contributions to Pension	12,479,857	11,104,477
Contributions to UIF	830,071	818,157
Contributions to Workmen's Compensation	579,085	585,132
Housing Benefits and Allowance	758,008	738,088
Leave payments	1,141,893	1,808,785
Other Allowance	440,225	378,384
Overtime payments	4,825,775	4,350,884
Provision for TASH	3,481,454	1,077,085
Salaries and Wages	73,051,100	68,128,865
Settlement Package : Municipal Manager	-	1,891,883
Shift Allowance	179,838	173,583
Skills Development	868,487	777,513
Standby Allowance	902,092	906,838
Telephone Allowance	21,033	21,032
Temporary Personnel	4,983,885	2,585,982
Travelling Allowance	3,987,582	2,863,358
<b>Total Employee Related Costs</b>	<b>129,080,884</b>	<b>114,874,901</b>

**KEY MANAGEMENT PERSONNEL**

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

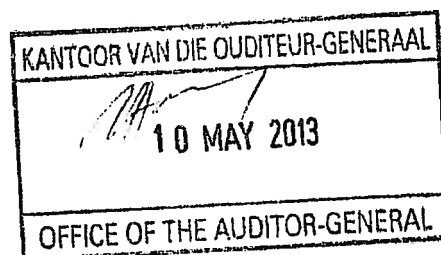
			2012 R	2011 R
25	<b>EMPLOYEE RELATED COSTS (Continued)</b>			
	<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>			
	<i>Remuneration of the Municipal Manager</i>	Previous	Current	Total
	Annual Remuneration	275,740	283,057	558,808
	Car Allowance	39,374	83,333	122,708
	Telephone allowance	3,000	2,000	5,000
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	23,359	23,359
	Directors Fee Canteen Caves	-	-	10,709
	Other	910,000	-	910,000
	<b>Total</b>	<b>1,228,123</b>	<b>391,760</b>	<b>1,619,883</b>
	<i>a New Municipal manager was appointed in January 2012</i>			
	<i>Remuneration of the Director Financial Services</i>	Previous	Current	Total
	Annual Remuneration	684,566	308,500	993,066
	Car Allowance	54,897	60,417	115,313
	Telephone allowance	2,400	4,000	6,400
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	149,744	-	149,744
	<b>Total</b>	<b>891,508</b>	<b>372,917</b>	<b>1,264,425</b>
	<i>a New Director Finance was appointed in February 2012</i>			
	<i>Remuneration of the Director Corporate Services</i>	Previous	Current	Total
	Annual Remuneration	181,114	427,013	608,127
	Car Allowance	30,000	70,000	100,000
	Telephone allowance	2,400	2,100	4,500
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	-	-
	Other	540,283	-	540,283
	<b>Total</b>	<b>753,807</b>	<b>499,113</b>	<b>1,252,920</b>
	<i>a New Director Corporate Services was appointed in December 2011</i>			
	<i>Remuneration of the Director Infrastructure and Technical Services</i>	Previous	Current	Total
	Annual Remuneration	-	321,442	321,442
	Car Allowance	-	51,475	51,475
	Telephone allowance	-	4,250	4,250
	<b>Total</b>	<b>-</b>	<b>377,167</b>	<b>377,167</b>
	<i>The Director Technical Services was appointed in February 2012</i>			
	<i>Remuneration of the Director Community Services</i>	Previous	Current	Total
	Annual Remuneration	-	431,352	431,352
	Car Allowance	-	41,049	41,049
	Telephone allowance	-	2,400	2,400
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	-	-
	Other	-	1,330,000	1,330,000
	<b>Total</b>	<b>-</b>	<b>1,804,801</b>	<b>1,804,801</b>
	<i>The Director Community Services was appointed in June 2012</i>			
			2012 R	2011 R
26	<b>REMUNERATION OF COUNCILLORS</b>			
	Salaries		5,033,169	3,794,320
	Pension		256,185	352,945
	Transport		1,772,013	1,383,073
	Telephone		261,905	256,446
	<b>Total Councillors' Remuneration</b>		<b>7,323,272</b>	<b>5,786,784</b>

**In-kind Benefits**

The Executive Mayor, Mayoral Committee members and the Speaker are full-time councillors. The Mayor, Mayoral Committee members and the Speaker are provided with secretarial support and an office at the cost of the Council.

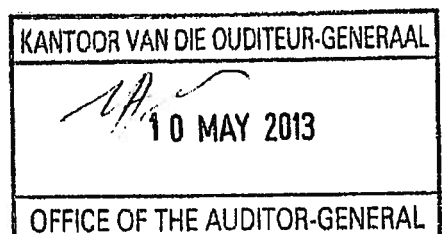
**Certification by the Municipal Manager**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officers (Basis) Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>27 DEBT IMPAIRMENT</b>		
Trade Receivables from exchange transactions - Note 17	5,038,363	3,543,138
Trade Receivables from non-exchange transactions - Note 18	584,783	134,779
Total Contribution to Debt Impairment	<u>5,623,128</u>	<u>3,677,917</u>
<b>28 DEPRECIATION AND AMORTISATION</b>		
Property Plant and Equipment	18,175,609	18,838,241
Investment Property	401,818	388,542
Intangible Assets	85,890	88,798
Capitalized Restoration Cost	<u>228,407</u>	<u>238,789</u>
	<u>18,891,813</u>	<u>19,555,370</u>
<b>29 IMPAIRMENTS</b>		
Property Plant & Equipment	125,189	-
Cap Capitalized Restoration Cost	<u>22,738</u>	<u>270,525</u>
	<u>147,927</u>	<u>270,525</u>
<b>30 FINANCE CHARGES</b>		
Long-term Liabilities	8,577,895	4,005,472
Finance Income	483,090	440,885
Tie site restoration contribution	104,025	3,847,902
Pension Fund	30,542	82,585
Other	<u>109,011</u>	<u>188,700</u>
Total finance charges	<u>9,204,563</u>	<u>8,545,484</u>
<b>31 BULK PURCHASES</b>		
Electricity bulk	98,569,536	78,544,410
Water bulk	<u>2,638,501</u>	<u>2,080,882</u>
	<u>101,208,037</u>	<u>80,625,292</u>
<b>32 GENERAL EXPENSES</b>		
Audit Fees	3,085,315	4,122,005
Advertisements	885,274	879,735
Bank Charges	1,588,321	1,248,900
Charitable	888,802	827,882
Calendar events	808,569	84,831
Commission paid	2,590,863	1,587,422
Professional Fees	4,344,382	1,714,814
Membership Fees	281,180	1,180,147
Fuel Cost	4,540,893	3,472,067
Electricity	8,243,868	1,505,141
Legal Cost	2,883,935	1,405,881
License Fees	227,859	288,001
Insurance	1,529,871	1,389,018
Postage	215,787	288,833
Project Expenditure	2,182,815	4,815,823
Printing and stationery	832,148	1,220,098
Safety clothes	452,681	381,370
Speed camera fees	1,981,848	1,430,828
Tools and Equipment	147,881	130,689
Tourism	403,000	400,400
Recovery plan	-	3,098,593
Inventory items	1,022,181	978,287
Telephone	2,888,889	2,592,503
Training	843,057	692,012
Travel and subsistence	2,008,803	1,828,705
Water Levy	50,509	50,509
Water	2,100,517	832,508
Other	<u>5,940,289</u>	<u>4,858,037</u>
General Expenses	<u>50,898,088</u>	<u>42,347,700</u>





**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**33 CORRECTION OF ERROR IN TERMS OF GRAP 3**

Prior year adjustments due to non-compliance with Accounting policy and errors

- 33.1 (a) The operating lease assets was understated in the prior year due to the exclusion of some operating leases. It is now corrected retrospectively with the following entries (Dt) Operating Lease Asset (Kt) Accumulated surplus
- (b) Retention fees not recognised in the prior year, retrospectively capitalised in the current year. It is now corrected with the following entries (Dt) PPE (Kt) Payables from exchange transactions
- (c) Depreciation was incorrectly charged in the prior year due to a classification error between WIP and PPE this lead to the overstatement of accumulated depreciation as disclosed previously. It is now corrected with the following entries (Dt) Accumulated Depreciation (Kt) Accumulated Surplus
- (d) Correction of other assets not previously recognised, to directive 4 these assets were recognised at fair value on 01/07/2010. It is now corrected with the following entries (Dt) PPE (Oudt Mun) (Dt) PPE (Kt) Acc Surplus
- (e) Error on depreciation on first time recognition of assets (note 33.1 c), It is now corrected with the following entries (Dt) Acc Surplus (Kt) Acc Depr (Oudt Mun) (Kt) Acc Depr (Kt) Acc Depr (Kt) Acc Depr
- (f) Retrospective correction of accumulated depreciation due to a reassessment and change in remaining useful life. The correction was processed as follows for Oudtshoorn (Dt) Acc Surplus (Kt) Acc Depr and (Dt) Acc Depr (Kt) Acc Surplus. The correction was processed as follows for KtLVWS (Dt) Acc Surplus (Kt) Acc Depr and (Dt) Acc Depr (Kt) Acc Surplus
- (g) Infrastructure incorrectly classified as WIP in the prior year, depreciation corrected retrospectively. The correction was processed as follows (Dt) Acc Depr (Kt) Acc Surplus
- (h) Workmen's compensation paid in the current year relates to the 2010 and 2011 financial years. Expenditure corrected retrospectively. The correction was processed as follows (Dt) Acc Surplus (Kt) Payables
- (i) Correction made on unpaid grant and related income not recognised in the prior year, the expenditure was incurred in the prior year and due to the fact that a obligation was vested with government the income should be recognised in the prior year. The correction was processed as follows (Dt) CRDP Grant (Kt) Acc Surplus
- (j) Correction of the VAT balance due to old balances not yet cleared in the ledger. No obligation exist towards SARS to repay these balances. The correction was processed as follows (Dt) VAT (Kt) Acc Surplus
- (k) Underprovision in prior year, incorrect expenditure allocated to sundry creditors. The correction was processed as follows (Dt) Acc Surplus (Kt) Sundry Creditors
- (l) Correction of land and buildings not previously recognised and related depreciation. The following entries were processed (Dt) Acc Surplus (Kt) Acc Depr and (Dt) PPE (Kt) Acc Surplus

**33.2 Accumulated Surplus**

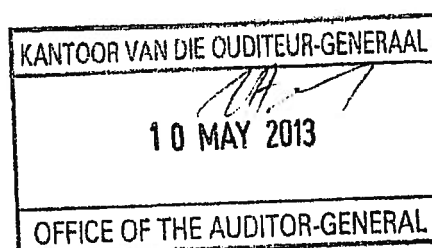
	2012 R	2011 R
Balance previously reported	-	454,890,576
	(1,253,203)	8,822,820
Correction on operating lease asset - see note 33.1.a	35,250	-
Correction on Accumulated Depreciation - see note 33.1.c	7,228	-
Correction on Accumulated Depreciation - see note 33.1.c	-	7,457
Correction on Accumulated Depreciation - see note 33.1.c	(272)	-
First time recognition of Other assets - see note 33.1.d	-	5,831,035
First time recognition of Other assets - see note 33.1.d	-	190,804
Depreciation charge on first time recognition of assets - see note 33.1.a	(1,072,388)	-
Depreciation charge on first time recognition of assets - see note 33.1.a	(38,181)	-
Retrospective correction due to change in useful life of assets - see note 33.1.f	(147,718)	-
Retrospective correction due to change in useful life of assets - see note 33.1.f	(88,272)	-
Retrospective correction due to change in useful life of assets - see note 33.1.f	-	583,818
Retrospective correction due to change in useful life of assets - see note 33.1.f	-	1,514,825
Retrospective correction due to change in useful life of assets - see note 33.1.f	(1,050)	-
Retrospective correction due to change in useful life of assets - see note 33.1.f	(1,135)	-
Retrospective correction due to change in useful life of assets - see note 33.1.f	-	15,808
Retrospective correction due to change in useful life of assets - see note 33.1.f	-	(2,248)
Correction of depreciation on infrastructure incorrectly recognised as WIP - see note 33.1.g	4,295	-
Correction on Workmen's Compensation - note 33.1.h	(594,132)	(1,031,201)
Correction of error Unpaid Grant not recognised in prior period - see note 33.1.i	838,814	-
Correction of error unclassified VAT balances - see note 33.1.j	-	1,887,330
Correction of prior year creditors provision - see note 33.1.k	-	(844,884)
First time recognition of land - Cost - see note 33.1.l	-	98,000
First time recognition of buildings - Cost - see note 33.1.l	-	930,000
Depreciation charge on first time recognition of assets - see note 33.1.l	(12,430)	(34,183)
Depreciation charge on first time recognition of assets - see note 33.1.l	(240)	(2,980)
Restated balance	(1,253,203)	483,814,107

**33.3 Operating leases**

Balance previously reported	637,432
Correction of Lease Asset - see note 33.1.a	38,250
Restated balance	675,682

**33.4 Payables from exchange transactions**


Balance previously reported	37,528,283
Correction on retention fees - note 33.1b	100,000
Correction on Workmen's Compensation - note 33.1h	1,829,333
Correction of prior year creditors provision - see note 33.1.k	844,884
Redirection of unallocated fund debtors	350,000
Restated balance	40,480,388



**OUTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>33 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)</b>		
<b>33.5 Property Plant and Equipment</b>		
Balance previously reported		508,961,102
Prior year correction on Buildings - see note 33.1b		100,000
Correction on Accumulated Depreciation - see note 33.1 c		7,220
Correction on Accumulated Depreciation - see note 33.1 c		7,457
Correction on Accumulated Depreciation - see note 33.1 c		(273)
First time recognition of Other assets - see note 33.1d		5,031,035
First time recognition of Other assets - see note 33.1d		180,804
Depreciation charge on first time recognition of assets- see note 33.1 a		(1,072,308)
Depreciation charge on first time recognition of assets- see note 33.1 a		(30,181)
Retrospective correction due to change in useful life of assets- see note 33.1 f		(147,718)
Retrospective correction due to change in useful life of assets- see note 33.1 f		(88,272)
Retrospective correction due to change in useful life of assets- see note 33.1 f		983,816
Retrospective correction due to change in useful life of assets- see note 33.1 f		1,514,825
Retrospective correction due to change in useful life of assets- see note 33.1 f		(1,050)
Retrospective correction due to change in useful life of assets- see note 33.1 f		(1,125)
Retrospective correction due to change in useful life of assets- see note 33.1 f		19,808
Retrospective correction due to change in useful life of assets- see note 33.1 f		(2,248)
Correction of depreciation on infrastructure incorrectly recognised as WIP - see note 33.1 g		4,285
First time recognition of land- Cost- see note 33.1 i		80,000
First time recognition of buildings- Cost- see note 33.1 i		830,000
Depreciation charge on first time recognition of assets- see note 33.1 i		(46,613)
Depreciation charge on first time recognition of assets- see note 33.1 i		(3,200)
Restated balance		<u>610,063,113</u>
<b>33.6 Unpaid Government Grants</b>		
Balance previously reported		78,048
Correction of error Unpaid Grant not recognised in prior period - see note 33.1 j		636,814
Restated balance		<u>714,862</u>
<b>33.7 Value Added Tax</b>		
Balance previously reported		21,013,281
Correction of error unclaimed old VAT balances - see note 33.1 j		1,807,330
Restated balance		<u>22,820,611</u>
	2012 R	2011 R
<b>34 RECONCILIATION BETWEEN NET DEFICIT FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY</b>		
Surplus/(Deficit) for the year	(5,834,882)	(25,308,331)
<u>Adjustments for:</u>		
Depreciation	19,805,930	17,480,254
Amortisation of Intangible Assets	85,880	80,786
Asset impairment	147,434	270,525
Debt impairment	5,603,126	3,977,917
Debt Impairment -Decrease	-	-
Contribution to non current liability	104,825	3,847,902
Contribution to employee benefits-current	3,872,483	3,088,200
Contribution from/to employee benefits-non current	2,975,703	14,282,157
Assets written off	2,598	3,068,941
Operating lease income accrued	(502,134)	(558,807)
Operating lease expenses accrued	(19,841)	(6,050)
Operating Surplus/(Deficit) before changes in working capital	25,841,622	19,971,505
Changes in working capital	(15,057,120)	4,828,644
Increase/(Decrease) in Trade and Other Payables	(8,831,318)	29,317,153
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(1,317,030)	(932,143)
Increase/(Decrease) in Unspent Conditional Public Grants and Reserves	(125,208)	(125,288)
Increase/(Decrease) in Unspent Conditional Public Grants and Reserves	-	(1,168,112)
Increase/(Decrease) in Taxes	1,373,648	(8,420,112)
Increase/(Decrease) in Inventory	319,838	0,064
Increase/(Decrease) in Trade and other receivables	(7,200,003)	(20,200,820)
Increase/(Decrease) in Unpaid Conditional Government Grants and Receipts	603,354	4,345,811
Cash generated/(absorbed) by operations	<u>10,784,402</u>	<u>24,800,148</u>

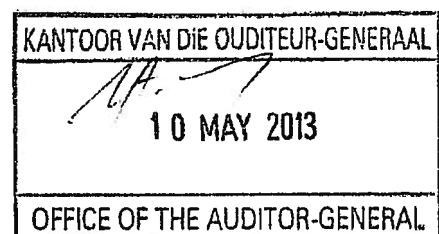
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**OUDTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

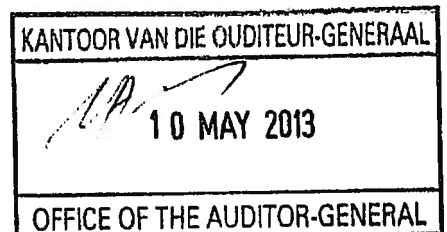
	2012 R	2011 R
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 20	12,107,740	35,107,209
Cash Flows - Note 20	10,534	10,534
Bank - Note 20	3,448,704	13,810,710
<b>Total cash and cash equivalents</b>	<b>15,564,478</b>	<b>48,988,453</b>
<b>36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 35	15,564,478	48,988,453
Less:	15,564,478	48,988,453
	13,813,961	10,326,208
Unspent Committed Conditional Grants - Note 9	0,358,404	0,875,523
VAT - Note 11	5,032,723	6,406,370
Unspent Public Contributions	244,374	244,375
<b>Resources available for working capital requirements</b>	<b>1,028,917</b>	<b>32,082,188</b>
<b>37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 2	78,000,298	88,394,625
Used to finance property, plant and equipment - at cost	(78,000,298)	(88,394,625)
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**38 BUDGET COMPARISONS**

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
<b>Operational</b>				
<b>38.1 Revenue by source</b>				
Property taxes	40,834,467	41,871,728	(737,281)	-2%
Government Grants and Subsidies- Capital	30,944,037	32,843,891	(1,899,854)	-6%
Government Grants and Subsidies-Operating	58,441,830	63,041,348	(4,599,518)	-7%
Public Contributions and Donations	144,712	202,700	(57,988)	-29%
Third Party Payments	244,526	-	244,526	100%
Fines	1,863,092	2,000,000	(136,908)	-7%
Gain on disposal of Property, Plant and Equipment	7,315	-	7,315	100%
Actual Gains	2,923,347	-	2,923,347	100%
Service Charges	204,959,940	209,547,509	(4,587,569)	-2%
Rental of Facilities and Equipment	1,737,235	2,049,819	(312,584)	-18%
Interest Earned - external investments	2,644,864	2,170,000	474,864	22%
Interest Earned - outstanding debtors	5,043,845	4,170,000	873,845	21%
Agency Services	13,980,915	14,580,000	(599,085)	-4%
Other income	8,558,255	8,182,958	375,297	5%
	<b>370,744,080</b>	<b>378,479,780</b>	<b>(7,735,700)</b>	<b>-2%</b>
<b>Expenditure by nature</b>				
Employee Related Costs	128,080,594	124,161,513	(3,919,081)	-3%
Remuneration of Councilors	7,325,281	7,063,108	(262,173)	-4%
Debt Impairment	6,803,128	3,090,000	3,713,128	55%
Depreciation and Amortisation	19,501,810	21,812,175	(2,310,365)	-12%
Impairments	147,434	-	147,434	100%
Assets written-off	2,588	-	(2,588)	-100%
Stock written-off	132,443	-	(132,443)	-100%
Repairs and Maintenance	12,671,765	13,770,528	(1,098,763)	-8%
Actual losses	597,104	-	(597,104)	-100%
Stock Adjustments	-	-	-	0%
Finance Charges	9,285,963	10,458,427	(1,172,464)	-13%
Bulk Purchases	101,208,097	93,289,000	7,919,097	8%
Contracted services	12,483,747	16,644,277	(4,160,530)	-25%
Operating Grant Expenditure	18,489,077	23,438,784	(4,949,707)	-21%
General Expenses	50,895,058	52,538,329	(1,643,271)	-3%
Agency Services	9,800,685	11,880,000	(2,079,315)	-18%
	<b>376,592,783</b>	<b>380,293,341</b>	<b>(3,700,558)</b>	<b>-1%</b>
<b>Deficit for the year</b>	<b>(5,834,682)</b>	<b>(1,813,561)</b>	<b>(4,021,121)</b>	
<b>Details of Material Variances</b>				
Government Grants and Subsidies-Operating	-10%	Housing project not completed		
Public Contributions and Donations	-28%	No movement on NA Smit and donation received from Tunesia		
Third Party Payments	100%	No budget for 3rd party payments as it is difficult to determine at start of year		
Fines	-17%	Difficult to determine at start of budget year as it vary from year to year		
Gain on disposal of Property, Plant and Equipment	100%	Accounting surplus on written off vehicle		
Actual Gains	100%	Unable to accurately predict the trend in the budget		
Rental of Facilities and Equipment	-15%	Variance due to accounting for smoothing of operating leases		
Interest Earned - external investments	22%	More interest received than budgeted form		
Interest Earned - outstanding debtors	21%	More interest received than budgeted form		
Agency Services	13%	a Decrease in revenue received from agency services- decrease in licence and		
Other income	63%	More revenue received from cemetery fees, resorts, town planning fees and		
Impairments	-100%	electricity connections		
Assets written-off	-100%	Determine at year end, difficult to budget for at start of year		
Stock written-off	-100%	Only identified with annual asset verification at end of year, therefore no budget		
Contracted services	-34%	a increase in obsolete and slow moving stock		
Operating Grant Expenditure	-21%	Made less use of consulting services		
		Housing project as well as electrification of new houses not yet completed		



**OUDTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**38 BUDGET COMPARISONS (Continued)**

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
<b>38.2 Expenditure by Vote</b>				
Community & Social Services	14,548,220	13,886,834	662,386	5%
Electricity	115,202,684	112,362,259	2,720,405	2%
Executive & Council	55,315,939	53,437,708	1,878,220	4%
Finance & Admin	40,377,270	39,557,242	820,028	2%
Housing	12,528,752	10,471,587	(8,642,815)	-34%
Klein Karoo Water Scheme	6,315,282	7,522,170	(1,206,808)	-16%
Other	1,628,104	2,171,872	(343,868)	-10%
Planning & Development	10,709,818	10,739,538	(29,821)	0%
Public Safety	23,620,028	25,745,585	(1,024,007)	-7%
Road Transport	24,253,054	25,035,100	(781,146)	-3%
Sport & Recreation	10,355,100	15,787,527	(57,570)	4%
Waste Management	16,585,852	15,774,418	811,236	5%
Waste Water Management	13,887,045	13,883,574	(178,528)	-1%
Water	18,882,958	18,725,837	(42,078)	0%
	<b>376,592,762</b>	<b>380,283,341</b>	<b>(3,700,579)</b>	<b>-1%</b>

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
<b>38.3 Capital expenditure by vote</b>				
Executive & Council	13,915	-	13,915	100%
Finance & Admin	17,531	-	17,531	100%
Planning & Development	17,150,014	18,241,721	(1,091,707)	-6%
Sport & Recreation	28,671	22,304	7,367	33%
Waste Management		50,000	(50,000)	-100%
Road Transport	12,382,120	15,305,877	(2,923,751)	-19%
Waste Water Management	895,502	1,473,159	(477,657)	-32%
Water	3,021,322	4,150,000	(1,128,678)	-27%
Electricity	1,397,129	2,931,379	(1,534,250)	-52%
	<b>35,948,640</b>	<b>42,174,440</b>	<b>(7,128,000)</b>	<b>-17%</b>

**Details of Material Variances above 10%**

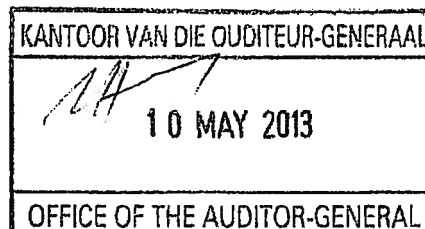
Executive & Council	100%	Capitalisation of assets procured under operating budget
Finance & Admin	100%	Capitalisation of assets procured under operating budget
Waste Management	-100%	Expenditure was of an operating nature
Road Transport	-10%	Oxycelidrip bid rank will only commence in the new budget year.
Waste Water Management	-32%	Part of expenditure was transferred to repairs and maintenance with the unbundling of infrastructure assets
Water	-27%	Bloemfontein pipeline project not yet completed

**39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

	2012 R	2011 R
<b>39.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	71,280,113	44,870,021
Unauthorised expenditure current year - capital	44,074	5,042,058
Unauthorised expenditure current year - operating	7,449,854	21,378,038
Written off by council	-	-
Unauthorised expenditure awaiting authorisation	<b>78,784,042</b>	<b>71,280,113</b>

Unauthorised expenditure on operating votes is mainly due to provisional (book entries), amounts recognised in terms of


Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes 2011/2012	None	7,483,929	-
Over expenditure on votes 2010/2011	None	26,420,092	26,420,092
Over expenditure on votes 2009/2010	None	9,181,875	9,181,875
Over expenditure on votes 2008/2009	None	35,888,148	35,888,148
		<b>78,784,042</b>	<b>71,280,113</b>



**OUDTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTFUL EXPENDITURE DISALLOWED (CONTINUE)</b>		
<b>39.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	2,587,181	2,279,802
Fruitless and wasteful expenditure current year	318,097	324,821
Paid back	-	(17,542)
Fruitless and wasteful expenditure awaiting further action	<u>2,905,278</u>	<u>2,587,181</u>
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
Interest and penalties paid on RAVE-Eskom, Telkom, Festival, Cape Joint Pension Fund	None	88,890
Duplicated payments	None	17,358
Electricity losses above 10 %	None	180,325
Legal cost of aborted disciplinary proceedings	None	-
MIN Pieterzen	Money paid back	(17,542)
Cashier re 48 stolen money	Criminal proceedings in process	324,821
	<u>318,097</u>	<u>307,378</u>
	<u>2012 R</u>	<u>2011 R</u>
<b>39.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure:		
Opening balance	8,778,490	8,778,490
Irregular expenditure current year	6,270,894	-
Irregular expenditure awaiting further action	<u>15,058,184</u>	<u>8,778,490</u>
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
Brought Forward	8,778,490	-
Non-compliance with Sec 48 of the MFMA-Langlam Utilities-Financial Leases	None	2,938,741
Non-compliance with Supply Chain Management Policy	None	5,727,891
Municipal Manager performance bonus extra after it was already part of original remuneration paid out	None	112,058
	<u>15,058,184</u>	<u>8,778,490</u>
	<u>2012</u>	<u>2011</u>
<b>39.4 Material Losses</b>		
Water distribution losses		
- Kilo litres disinfectant/purified/purchased	7,338,251	5,281,000
- Kilo litres lost during distribution	223,378	367,500
- Percentage lost during distribution	3.05%	6.98%
Electricity distribution losses		
- Units purchased (Kwh)	170,944,310	167,001,488
- Units lost during distribution (Kwh)	18,848,832	15,048,268
- Percentage lost during distribution	11.01%	9.01%
Amount to disclose as fruitless and wasteful expenditure	<u>180,325</u>	<u>-</u>

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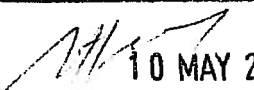
  
10 MAY 2013

OFFICE OF THE AUDITOR-GENERAL

**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>40. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>40.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</b>		
Council subscriptions	257,063	575,978
Amount paid - current year	(257,063)	(575,978)
Balance unpaid (included in creditors)	-	-
	2012 R	2011 R
<b>40.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	1,723,804	202,702
Current year audit fee	3,085,315	4,122,005
External Audit - Auditor-General	3,085,315	4,122,005
Amount paid - current year	(4,371,778)	(2,000,803)
Balance unpaid (included in creditors)	437,341	1,723,804
<b>40.3 VAT - [MFMA 125 (1)(b)]</b>		
Opening balance	3,070,603	(22,743)
Net movements	1,062,120	3,003,348
Closing balance - Receivable	8,032,723	3,070,603
Vat in suspense due to cash basis of accounting		
Input VAT	30,707,547	22,880,611
Output VAT	(34,674,823)	(16,383,089)
Receivable	8,032,723	6,497,522
VAT is payable/receivable on the receipt basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
<b>40.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>		
Current year payroll deductions and Council Contributions	15,149,189	13,617,803
Amount paid - current year	(15,149,189)	(13,617,803)
Balance unpaid (included in creditors)	-	-
<b>40.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	29,974,289	29,067,230
Amount paid - current year	(29,974,289)	(29,067,230)
Balance unpaid (included in creditors)	-	-
<b>40.6 Councillor's arrears consumer accounts - [MFMA 124 (1)(b)]</b>		
Councillors with arrears accounts for more than 90 days as at 30 June 2012		
	2012 R	2011 R
	Outstanding more than 90 days	Outstanding more than 90 days
H Botha	198	-
J Gubbins	4,223	4,944
C Ntsho	270	-
N Van der Westhuizen	2,187	-
C Wagenaar	1,940	-
Total Councillor Arrears Consumer Accounts	7,923	4,944

KANTOOR VAN DIE OUDITEUR-GENERAAL

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**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

*Deviations from, and modifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodations, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes*  
*All the deviations were ratified by the Municipal Manager and reported to Council*

	Less than R 30,000	Between R 30,001 R 200,000	Between R200001 and R 2,000,000	More than R 2,000,000
A1 Exhaust	860.00	-	-	-
AA Media	2,290.00	-	-	-
Actebis	0,688.10	-	-	-
Aurecon	-	83,888.50	-	-
Auto Electro	82,817.91	-	-	-
Automotive Control System	7,438.50	-	-	-
B. Roofing & Building Construction	14,880.00	-	-	-
B Roofing & Building Construction	3,300.00	-	-	-
Babcock Equipment	14,051.28	31,020.55	-	-
Bariska Consulting	-	57,450.00	-	-
Barney's Repairs	5,000.00	-	-	-
Bed Equipment	82,151.18	-	-	-
Bed Oak	5,413.00	-	-	-
Bentley	8,442.88	-	-	-
Bright Computers	80,887.00	-	-	-
Bronco's	1,700.00	-	-	-
Buffelsdrif Gema Lodge	5,909.00	-	-	-
CANGO ENGINEERING	45,194.12	94,587.18	-	-
CHECKERS	2,090.30	-	-	-
Chris Vosloo	2,758.80	-	-	-
Christa Thrus	2,040.00	-	-	-
CIVIL CORP	7,850.00	-	-	-
Claimer	4,036.20	-	-	-
Coastal Amature Winders	22,275.00	-	-	-
COASTAL ARMATURE	-	-	-	-
Coetzee & V D berg Attorneys	-	81,900.00	-	-
Combined Systems(SAUDI)	-	-	400,940.28	-
COMTEST TECHNOLOGIES	-	44,859.00	-	-
COSMIC CAFE	3,721.00	-	-	-
CWC Helderberg protection	17,216.01	-	-	-
D D Bosman	3,080.00	-	-	-
Dewason Verkoeling	3,275.40	-	-	-
De Villers Neethling	1,710.00	-	-	-
De Koffiehuis	434.40	-	-	-
DLM	17,539.50	87,260.00	-	-
E-LEK ENGINEERING	8,873.01	-	-	-
Eden FM	37,885.25	-	-	-
EE Herman	2,300.00	-	-	-
EENSTOP ELEKTRIESE DIENSTE	2,597.48	-	-	-
Eye banku	23,874.44	-	-	-
FERRO ENGINEERING	83,004.71	188,785.18	-	-
FG Electronics	3,822.00	-	-	-
Fico Engineering	2,137.50	-	-	-
Fluid Air Hydraulics	23,122.02	-	-	-
FMG GRANT	-	99,388.31	-	-
Garage Door Deluxe	-	51,418.38	-	-
GB Moleps Electrical	1,642.88	-	-	-
Gearties & dff Centre	8,084.03	-	-	-
GENERAL TRIMMERS	760.00	-	-	-
GEO System Africa	28,835.86	-	-	-
George Emergency Services	13,800.00	-	-	-
George Lawnmowers	11,474.48	-	-	-
Get Friend	4,900.00	-	-	-
Grand Street Studio's	18,701.00	-	-	-
Gripes & co	2,175.35	-	-	-
Hazard Bonako Cape	8,284.40	-	-	-
Headlines Restaurant	8,201.00	-	-	-
Hi TECH Engineering	34,862.78	-	-	-
Holstec	8,133.89	-	-	-
Hotel service Station	2,733.00	-	-	-
HPE Technologies	37,478.80	-	-	-
IGNITE	10,768.20	-	-	-
Inkor	5,695.87	-	-	-
ISM	8,295.00	-	-	-
J&E Communications	79,517.51	45,750.18	-	-
Jiah Construction	7,020.00	-	-	-
Johnsons Bicks	1,100.00	-	-	-
Jophmar Construct	788.00	-	-	-
JT Hoffman	3,600.00	-	-	-
K&Kee Een Stop	1,853.00	-	-	-

KANTOOR VAN DIE OUDITEUR-GENERAAL

*[Signature]*  
10 MAY 2013

OFFICE OF THE AUDITOR-GENERAL



**OUDESHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**40.7 Other non-compliance (MFMA 125(2)(e)) (Continued)**

	Less than R 30,000	Between R 30,001 / R 200,000	Between R 200,001 and R 2,000,000	More than R 2,000,000
KK Breakdown Service	6,460.00	-	-	-
KK INSLEEPDIENSTE	4,414.60	-	-	-
KK TOYOTA	5,111.66	-	-	-
KOBUS FREY LANDBOU DIENSTE	12,185.48	-	-	-
Kux Signs	0,490.74	-	-	-
Lands & GVR	3,078.00	48,489.80	-	-
Macsteel	5,024.28	-	-	-
MAGISTER GRAVEURIS	10,335.00	-	-	-
Meibon Bouers	24,050.00	-	-	-
METSI CHEM KAPA	708.00	-	-	-
Meyers Body Repairs	3,330.00	-	-	-
MGS	-	37,844.00	-	-
MGT Business Enterprises	-	-	-	-
MTA Mobile Truck alignment	1,710.00	-	-	-
Much Asphalt	-	225,570.40	-	-
New Co Technology	5,699.43	-	-	-
Nedie & Associates	-	108,040.00	-	-
ODN BLOMREMARK	500.00	-	-	-
ODN Engineering	10,744.80	-	-	-
ODN Grasmyndensta	8,458.50	-	-	-
ODN Locksmith	1,235.00	-	-	-
ODN Nason	5,061.82	-	-	-
ODN Vehicle Repairs	-	67,038.67	-	-
ODS Consultants cc	-	-	-	-
Outenique Binda	0,860.00	-	-	-
Outenique lab	140.22	-	-	-
Outenique Matte	3,400.00	-	-	-
Patel & Associates	-	-	-	-
Payday Software System	58,648.35	-	-	-
Permsula Drums	22,814.00	-	-	-
Penny Linchers	7,600.48	40,747.48	-	-
P4 Shop	2,321.07	-	-	-
Power cable Solution	7,361.27	-	-	-
PREI Instruments	4,448.00	-	-	-
Prowork	1,140.00	-	-	-
R.E.S	20,003.40	-	-	-
RCS Commercial & Industrial	-	71,110.00	-	-
REFOLUP	-	122,010.46	-	-
RW Hugo & Associates	-	-	-	-
Rodmils motors	17,802.68	-	-	-
Senitech	7,324.50	-	-	-
Senmik Agencies	14,977.37	348,224.00	-	-
Selasco Catering	40,400.00	50,033.29	-	-
Sharia Hassan	120,865.35	-	-	-
Simula Family Trust	181,805.14	-	-	-
Southern Sun	2,925.80	-	-	-
Spantier Zone	-	150,918.90	-	-
Stanmar Motors	5,160.30	-	-	-
Suid - Kaap Besproeiing	4,135.62	62,663.52	-	-
Suid Kaap Fm	11,700.00	-	-	-
Suid Kaap Petroleum	13,440.00	-	-	-
Swarberg Binda	11,800.00	-	-	-
TCE Hydraulics	4,963.20	-	-	-
Tech Verspreiders	29,635.00	-	-	-
TENGA DEZIGN	-	135,000.00	-	-
The Point Hotel	1,710.00	-	-	-
The Sign Shop	1,250.00	-	-	-
Top Loose	69,310.08	-	-	-
Trandaand	-	88,164.00	-	-
Transmission gear Services	-	143,440.22	213,181.40	-
Transstech	4,209.04	-	-	-
Trekker & Diesel	102,173.03	-	-	-
Trenhyre	8,011.60	-	-	-
Trade R Motors	72,626.50	-	-	-
Turfwork	8,550.00	-	-	-
Tyre Roma	36,009.24	-	-	-
Tyres & Treads	8,981.36	-	-	-
V. D. Berg Vervoer	17,213.00	123,690.00	-	-
Van Anwerp Swaaiwa/ke	2,420.00	-	-	-
Votex	3,140.00	-	-	-
Walters	1,859.34	-	-	-
Wenkus Elektriese	7,820.06	-	-	-
Winston Linford Motors	58,450.73	-	-	-
	<b>1,997,641</b>	<b>2,333,126</b>	<b>614,133</b>	<b>-</b>

KANTOOR VAN DIE OUDITEUR-GENERAAL  
*Att*  
**10 MAY 2013**  
 OFFICE OF THE AUDITOR-GENERAL

**OUDESHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**40.8 Awards made to family members in service of the state (RCM reg 48)**

Item description	Relationship
Nashua George (SCM28/2011)	CEO's spouse is the Municipal Councillor of another municipality.
NINIVE Trading (SCM11/2011)	Director's spouse is working in the department of Justice
Imvusa Trading 1581(8/2/10)	The shareholders family member is in the service of Oudshoorn Municipality.
Training for management(2508)	The Manager's spouse is working in the Eastern Cape Department of Health
AG/1/54(10) - Construction of Elman & Anties Streets - Contract F - (Autumn Street Trading 107 cc)	The shareholders family member is working in George Municipality as an Accountant.
Acadia Way Trading 102	The supplier had a member working at the WC Department of Health
Imvumba Trading 1147	The supplier had a member working at the WC Department of Health
RCIP Catering Services	The supplier had a member working at the MPA
QOPB Construction	The supplier had a member working at the WC Department of Education
Ambe and Associates	The suppliers brother is a Councillor at another Municipality
Casida	Director is working at the department of agriculture
Kanyethile General Trading	Unclear relationship, but immediate family member in service of the state
Lenda • GYR	Unclear relationship, but immediate family member in service of the state
Coben	Unclear relationship, but immediate family member in service of the state
MAEMSA	Supplier in service of the Department of Energy
Victory Ticket 810	Supplier in service of the South African Police Service
Josphimar Construction	Spouse is in service of Oudshoorn Municipality
Ely Catering Services	Spouse is in service of Oudshoorn Municipality
DSKT Construction	Spouse is in service of Oudshoorn Municipality

2012 R	2011 R
78,370	34,144
-	78,060
343,260	398,473
-	28,250
702,044	284,592
-	2,384
380,257	31,118
8,108	31,804
14,230	13,385
78,200	-
230,838	-
585,775	104,800
165,032	17,100
27,862	-
25,856	51,811
18,500	188,520
28,768	17,722
480	8,375
62,158	4,583
<b>2,748,947</b>	<b>1,274,901</b>

**41 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

**Approved and contracted for:**

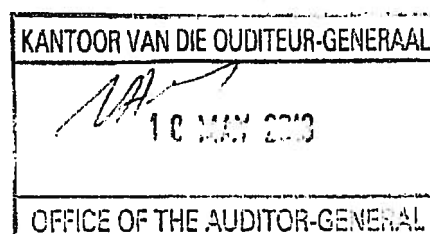
**Total commitments consist out of the following:**

Reggie Olfant street. Part of uncompleted portion-A  
 Reggie Olfant street. Part of uncompleted portion-B  
 Reggie Olfant street. Part of uncompleted portion-C  
 Upgrade of sidewalk De Laan street-A  
 Upgrade of sidewalk De Laan street- IDP  
 Paving Acadia, Gousblom, Tulip IDP-A  
 Paving Acadia, Gousblom, Tulip IDP-B  
 Paving 11th Avenue IDP-A  
 Paving 11th Avenue IDP-B  
 Paving 18th avenue-A Kerkbos  
 Paving 18th avenue-B Kerkbos  
 Paving 18th avenue-A Paving  
 Paving 18th avenue-B Paving  
 Paving 18th avenue- Stormwater  
 Elman street paving IDP-D  
 Anties street paving IDP-E  
 Anties street paving IDP-F  
 Paving of Mango Street  
 Paving of Moofaan  
 Paving of Kany's Street  
 Paving of Anties street  
 Boreholes

2012 R	2011 R
<b>885,223</b>	<b>4,021,344</b>
-	382,357
-	340,581
-	319,763
-	189,353
-	153,211
-	398,473
-	289,188
-	374,747
-	389,060
-	88,982
-	88,849
-	33,692
-	40,875
-	28,811
-	363,318
-	250,248
-	301,835
6,090	-
50,218	-
182,649	-
135,818	-
368,063	-
<b>885,223</b>	<b>4,021,344</b>
<b>885,223</b>	<b>4,021,344</b>

**This expenditure will be financed from:**

External Loans  
 Own Funding



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**FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependant on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

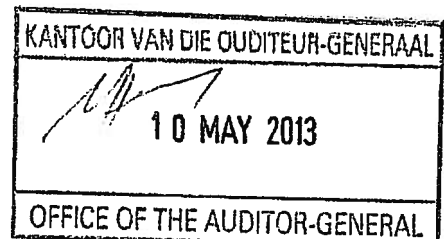
The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

0.5% (2011 - 1%) increase in interest rates	(504 635)	(1 076 109)
1% (2011 - 0.5%) decrease in interest rates	1 108 270	538 054

2012  
R

2011  
R



**OUDESHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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**FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "suspension of services" and, as a last resort, "handover for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2012 %	2012 R	2011 %	2011 R
<b>Non-Exchange Receivables</b>				
Rates	100.77%	6,227,201	132.85%	7,026,708
<b>Exchange Receivables</b>				
Electricity	0.00%	-	100.62%	3,573,374
Water	12.18%	2,359,389	43.09%	4,958,936
Refuse	28.78%	5,770,414	82.43%	4,055,850
Sewerage	33.88%	6,562,155	115.03%	8,051,628
Other	24.14%	4,876,429	107.54%	2,083,884
	<b>57.83%</b>	<b>19,368,370</b>	<b>79.52%</b>	<b>22,623,782</b>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
<b>Non-Exchange Receivables</b>				
Rates	100.00%	5,832,578	100.00%	5,209,384
<b>Exchange Receivables</b>				
Electricity	12.06%	4,038,118	12.48%	3,551,215
Water	42.13%	14,107,502	36.68%	10,435,250
Refuse	28.63%	8,878,575	21.13%	6,012,142
Sewerage	20.51%	6,887,932	20.84%	5,850,485
Other	4.78%	1,589,122	8.77%	2,495,073
	<b>100.00%</b>	<b>33,489,309</b>	<b>100.00%</b>	<b>28,450,948</b>

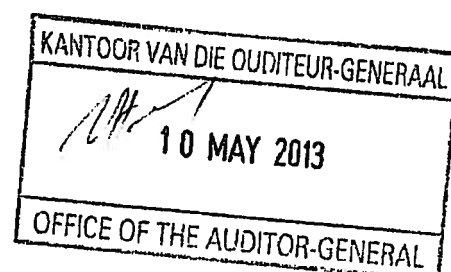
The provision for bad debts could be allocated between the different categories of debtors as follows:

	2012 %	2012 R	2011 %	2011 R
Government	0.43%	180,374	2.10%	709,941
Business	3.94%	1,550,248	18.30%	6,172,808
Residential	86.38%	27,287,189	47.93%	16,171,841
Indepents	29.73%	10,315,088	31.67%	10,085,670
	<b>100.00%</b>	<b>39,323,887</b>	<b>100.00%</b>	<b>33,740,260</b>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.



42 FINANCIAL RISK MANAGEMENT (Continued)

	2012 R	2011 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	42,584,818	42,428,402
Receivables from non-exchange transactions	13,807,877	12,441,338
Cash and Cash Equivalents	15,564,475	48,008,453
Unpaid conditional grants and subsidies	82,020	885,374
	<u>72,138,293</u>	<u>104,045,628</u>

(a) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

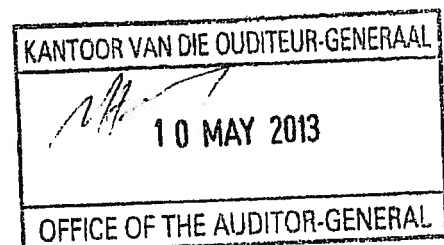
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2012</b>				
Long Term liabilities	10,188,848	53,075,703	37,773,239	8,248,130
Capital repayments	8,535,130	31,481,877	27,711,824	7,108,180
Interest	7,851,816	21,583,827	10,061,615	1,138,850
Trade and Other Payables	27,708,063	-	-	-
Unspent conditional government grants and receipts	8,338,484	-	-	-
	<u>52,253,473</u>	<u>53,075,703</u>	<u>37,773,239</u>	<u>8,248,130</u>
<b>2011</b>				
Long Term liabilities	17,874,343	80,122,854	45,805,208	15,143,120
Capital repayments	7,835,816	33,235,408	32,038,724	13,076,773
Interest	10,038,427	28,887,448	13,866,482	2,068,347
Trade and Other Payables	36,724,854	-	-	-
Unspent conditional government grants and receipts	9,875,523	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>84,074,550</u>	<u>80,122,854</u>	<u>45,805,208</u>	<u>15,143,120</u>

43 FINANCIAL INSTRUMENTS

In accordance with IAS 39 09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

43.1 Financial Assets	Classification	2012 R	2011 R
Investments			
Receivables			
Receivables from exchange transactions	Financial Instruments at amortised cost	42,584,818	42,428,402
Short-term Investment Deposits			
Call Deposits	Financial Instruments at amortised cost	12,107,740	35,107,209
Bank Balances and Cash			
Bank Balances	Financial Instruments at amortised cost	3,446,204	13,810,710
Cash Flows and Advances	Financial Instruments at amortised cost	10,534	10,534
		<u>58,140,297</u>	<u>91,416,845</u>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Financial Instruments at amortised cost		58,140,297	91,416,845
At amortised cost		<u>58,140,297</u>	<u>91,416,845</u>



**OUDESHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

		2012 R	2011 R
<b>43</b>	<b>FINANCIAL INSTRUMENTS (CONTINUED)</b>		
<b>43.2</b>	<b>Financial Liability</b>		
	<b>Classification</b>		
	<b>Long-term Liabilities</b>		
	Annuit Loans	68,311,883	75,848,000
	Capitalised Lease Liability	2,517,489	4,017,193
	<b>Payables from exchange transactions</b>		
	Trade creditors	16,482	18,056
	Deposits	683,824	755,278
	Other	24,030,888	33,834,012
	<b>Current Portion of Long-term Liabilities</b>		
	Annuit Loans	6,535,127	7,835,918
	Capitalised Lease Liability	1,438,078	1,701,518
	<b>Bank Balances</b>		
	Bank Balances	-	-
		<u>104,811,482</u>	<u>122,999,968</u>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	Financial instruments at amortised cost	<u>104,811,482</u>	<u>122,999,968</u>

**44** **EVENTS AFTER THE REPORTING DATE**

The final audit report relating to the year ending 30 June 2011 was not issued by the Auditor General by the deadline for submission of the Annual Financial Statements for the year ended 30 June 2012 as enforced by the National Treasury.

**45** **IN-KIND DONATIONS AND ASSISTANCE**

Development Bank of South Africa-Secondment of staff

**46** **PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**47** **CONTINGENT LIABILITY**

**47.1** **Municipality vs Gulas**

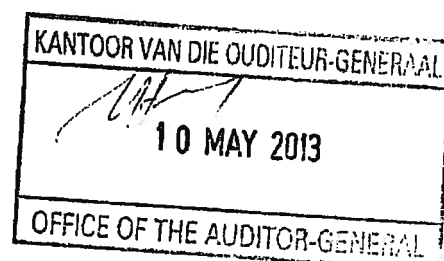
At year end it was confirmed that a claim to the amount of R100,000 was lodged against the municipality by a former employee with regards to leave pay. At year end it was not clear whether this claim would succeed, a liability has thus not been disclosed in the statement of financial position.

**47.2** **Municipality vs Nurcha**

Nurcha provided building finance for a contractor who was appointed by the municipality. The contractor failed to fulfil his obligations towards Nurcha. Nurcha now holds the municipality responsible for the amount owed by the contractor. If the court rules in favour of Nurcha, the municipality will have to pay them an amount of R3,092,467.43

**47.3** **Municipality vs Employee**

A new Municipal Manager was appointed during the financial year. One of the unsuccessful candidates was grieved with the appointment process and filed documents at the supreme court to dispute the appointment of the Municipal Manager and/or alternatively the appointment of the Director Corporate Services. His request to the court is to review the appointment process and to set aside both appointments. The applicant was successful, the council has however resolved that they will appeal against the decision so this remains a pending matter. The outcome if unfavourable will have a financial and administrative impact on the Municipality, of which the cost cannot be quantified at the date of issue of the financial statements.



**ODTSHOORN MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**48 RELATED PARTIES**

Key Management and Councilors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**48.1 Related Party Loans**

Since 1 July 2004 loans to councilors and senior management employees are not permitted.

**48.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 25 to the Annual Financial Statements.

**Related party transactions**

**48.3 Councilors**

April G  
 Blijden S  
 Bly S  
 Fortuin E  
 Gunguza GN  
 Hammar J  
 Kwa W  
 May M  
 Nkomo CN  
 Nkomo EN  
 Pannas B  
 Philips GZ  
 Somer S  
 Wapenaar C  
 Wapenaar B  
 Le Key A  
 Genetale H  
 Jansen J  
 Windvogel K  
 Lufers P  
 Abrahams A  
 Le Roux B  
 Diamonds E  
 Swartbol JC  
 Veld Westhuizen IG  
 Griebelaar

Cellphones	Travel Allowances	Pension	Outstanding Balances 30 June 2012
20,398	839	22,210	23,049
11,741	-	9,398	20,830
48,477	774	7,702	56,954
57,250	1,398	20,787	79,442
39,425	-	11,337	50,762
30,602	2,008	12,396	51,066
87,373	-	4,000	91,373
-	2,001	10,210	12,220
8,501	1,283	12,441	23,315
37,225	1,170	8,398	47,793
110,532	774	12,387	132,703
38,548	401	0,308	48,345
32,687	-	8,035	41,301
37,327	-	-	37,327
53,382	787	18,350	70,539
24,878	-	-	24,878
24,830	-	-	24,830
8,433	-	-	8,433
1,965	-	-	1,965
3,823	-	-	3,823
2,533	-	-	2,533
23,840	-	-	23,840
50,251	1,108	27,648	79,007
3,841	-	-	3,841
3,230	-	-	3,230

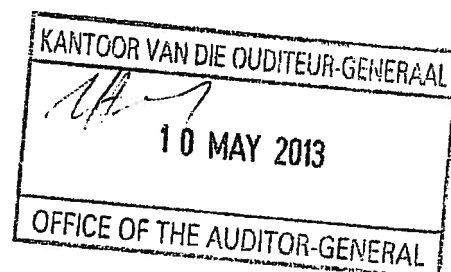
**48.4 Other related party transactions**

Refer to Note 40.8 for detail on related party transactions.

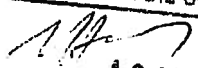
**48.5 Entity Transactions**

Cango Cores Administrative Fee  
 Cango Cores Advance Bank  
 Cango Cores lease payment

2012 R	2011 R
1,598,035	840,331
1,277,280	52,980
883,776	822,844



KANTOOR VAN DIE OUDITEUR-GENERAAL

  
10 MAY 2013

OFFICE OF THE AUDITOR-GENERAAL



**APPENDIX A - Unaudited**  
**OUTSBHOORN LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2011	Correction	Balance at 30 JUNE 2011 Revaluated	Received during the period	Redeemed/ written off during the period	Balance at 30 JUNE 2012
<b>ANNUITY LOANS</b>									
Wagap	Prime-0.5%	3028102572	2015/08	1,312,891		1,312,891		(288,736)	1,014,152
Standard Bank	12.85%		2021/08	21,575,183		21,575,183		(1,168,851)	20,405,542
Standard Bank	11.70%		2016/08	8,273,300		8,273,300		(1,301,527)	6,971,773
FNB	11.97%		2016/08	9,823,342		9,823,342		(585,784)	9,237,558
Development Bank of SA				41,881,180	-	41,881,180	-	(4,473,434)	37,417,758
Urban Infrastructure Project 10608/1	14.00%	10608/1	2017/08	5,204,324		5,204,324		(800,518)	4,603,805
Multiple Infrastructure 101099/1	10.41%	101099/1	2024/08	7,798,828		7,798,828		(302,038)	7,496,790
Multiple Infrastructure 101099/2	10.18%	101099/2	2018/12	289,453		289,453		(23,530)	275,923
Electrification 9017	11.00%	9017	2013/12	4,103,596		4,103,596		(1,510,324)	2,593,272
Multiple Infrastructure 101647/1	10.82%	101647/1	2025/12	3,434,211		3,434,211		(236,842)	3,197,369
Multiple Infrastructure 101647/2	10.07%	101647/2	2020/08	1,285,715		1,285,715		(142,837)	1,142,858
Multiple Infrastructure 101647/3	10.07%	101647/3	2015/08	223,880		223,880		(65,020)	187,760
Infrastructure 102003/1	10.59%	102003/1	2025/12	8,384,737		8,384,737		(578,947)	7,815,790
Electricity And Water 102202/1	10.82%	102202/1	2020/08	4,548,898		4,548,898		(303,200)	4,245,698
Electricity And Water 102202/2	10.82%	102202/2	2018/08	1,780,810		1,780,810		(358,122)	1,424,488
Deep Aquifer Hydrogeological 13774	15.67%	13774	2021/08	640,247		640,247		(29,791)	610,456
Infrastructure 102617/1	10.35%	102617/1	2027/08	3,489,100		3,489,100		(210,818)	3,292,282
Infrastructure 102617/2	10.53%	102617/2	2017/08	898,789		898,789		(118,405)	802,324
<b>Total Annuity Loans</b>				<b>82,076,918</b>	-	<b>82,076,918</b>	-	<b>(7,829,108)</b>	<b>74,848,810</b>

KANTOOR VAN DIE OUDITEUR-GENERAAL

*[Signature]*

10 MAY 2013

OFFICE OF THE AUDITOR-GENERAL

**APPENDIX A - Unaudited**  
**OUDESHOORN LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

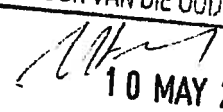
LEASE LIABILITY									
Konica Minolta Fotoastromerjen	12.10%	2010/07	0	0	0	0	0	0	0
Huawei UD C0 5451	12.00%	2010/01	41,582	41,582			(41,582)		(0)
Huawei UD C0 14571	12.00%	2011/12	25,078	25,078			(25,078)		(0)
Huawei UD C0 14572	12.00%	2011/12	25,078	25,078			(25,078)		(0)
Huawei UD C0 14570	12.00%	2011/12	25,078	25,078			(25,078)		(0)
Huawei Hardbody C0 11957	12.01%	2011/11	13,184	13,184			(13,184)		(0)
Huawei Hardbody C0 11925	12.02%	2011/11	12,852	12,852			(12,852)		(0)
Huawei Hardbody C0 11934	11.90%	2011/11	15,324	15,324			(15,324)		(0)
Huawei Hardbody C0 12478	12.01%	2011/11	17,729	17,729			(17,729)		(0)
Fort Benton C0 4230	12.00%	2011/11	7,837	7,837			(7,837)		(0)
Opti Curve Classic C0 5580	11.98%	2011/11	(0)	(0)					(0)
Opti Curve Classic C0 9957	11.94%	2011/11	10,901	10,901			(10,901)		(0)
Konica Minolta (40017072)	11.91%	2010/07	(0)	(0)					(0)
VW C01 Golf 1.4 Chica C033337	11.80%	2013/01	28,113	28,113			(17,743)		11,370
VW C01 Golf 1.4 Chica C015083	11.80%	2013/01	28,113	28,113			(17,743)		11,370
Isuzu KB 250 LWB Base C033176	12.01%	2013/01	42,000	42,000			(25,590)		16,407
Isuzu KB 250 LWB Base C033182	11.99%	2013/01	87,381	87,381			(24,877)		22,415
Isuzu KB 250 LWB Base C033180	12.00%	2013/01	52,183	52,183			(31,760)		20,370
Huawei UD 45L C01 4 BT BA P1000 854 C018088	12.00%	2014/01	121,878	121,878			(42,812)		79,163
Isuzu KB 250 Fleetside (2007) C024864	12.01%	2014/01	0	0					0
Isuzu KB 250 Fleetside (2007) C024868	11.99%	2014/01	87,813	87,813			(30,783)		56,930
Isuzu KB 250 Fleetside (2007) C032357	11.99%	2014/01	88,137	88,137			(30,232)		57,901
VW C01 Golf 1.4i Tensid E12 C024873	11.99%	2014/01	47,581	47,581			(16,703)		30,878
VW C01 Golf 1.4i Tensid E12 C024878	11.99%	2014/01	47,581	47,581			(16,703)		30,878
Konica Minolta Fotoastromerjen Model: C253 (E041002051)	12.01%	2011/08	4,000	4,000			(4,000)		(0)
Konica Minolta Fotoastromerjen Model: C253 (E041002049)	12.02%	2011/08	4,538	4,538			(4,538)		(0)
Konica Minolta Fotoastromerjen Model: C253 (E041002059)	12.02%	2011/08	7,709	7,709			(7,709)		(0)
Konica Minolta Fotoastromerjen Model: C253 (E041002073)	12.02%	2011/08	6,772	6,772			(6,772)		(0)
Konica Minolta Fotoastromerjen Model: C253 (E041002085)	12.02%	2011/08	6,772	6,772			(6,772)		(0)
Konica Minolta Fotoastromerjen Model: C200 (F040000039)	12.08%	2011/10	8,858	8,858			(8,858)		(0)
Konica Minolta Fotoastromerjen Model: C200 (F040000037)	12.02%	2013/02	11,793	11,793			(11,793)		(0)
Isuzu KB 250 Fleetside (2007) C024887	11.90%	2014/01	84,304	84,304			(28,593)		54,711
PEL Taurus SA	12.00%	2013/02	203,785	203,785			(111,212)		92,573
Opti Zetec C0 8330	12.01%	2011/11	18,854	18,854			(18,854)		(0)
Panasonic Copier DP 180 Serial LGE40V0003	12.01%	2013/08	21,854	21,854			(9,301)		12,333
Panasonic Copier DP 180 Serial HGE40V00047	12.01%	2013/08	21,854	21,854			(9,301)		12,333
Panasonic Copier DP 180 Serial HGE40V00003	12.01%	2013/08	21,854	21,854			(9,301)		12,333
Panasonic Copier DP 180 Serial HGE40V00080	12.01%	2013/08	21,854	21,854			(9,301)		12,333
Panasonic Copier DP 180 Serial DGE40V00134	12.01%	2013/08	21,854	21,854			(9,301)		12,333
Panasonic Copier DP 180 Serial HGE40V00083	12.01%	2013/08	21,854	21,854			(9,301)		12,333
Opti Curve Utility C0 25403	12.10%	2015/01	70,923	70,923			(19,649)		54,044
Isuzu KB 250 C0 25403	11.90%	2015/01	108,248	108,248			(25,718)		82,530
Isuzu KB 250 C0 25404	11.90%	2015/01	108,248	108,248			(25,718)		82,530
Isuzu KB 250 C0 25401	11.90%	2015/01	118,870	118,870			(28,233)		90,636
Geotax MPV Serial V224-0001018	12.00%	2013/03	28,811	28,811			(18,595)		12,216
Konica Minolta Photocopyer C253 E041002049	12.02%	2011/08	4,538	4,538			(4,538)		(0)
Chevrolet Aveo C0 7740	7.75%	2016/01	118,473	118,473			(22,315)		96,158
Chevrolet Aveo C0 7735	7.75%	2016/01	118,473	118,473			(22,315)		96,158
Chevrolet Aveo C0 7730	7.75%	2016/01	118,473	118,473			(22,315)		96,158
Chevrolet Aveo C0 7738	7.75%	2016/01	118,473	118,473			(22,315)		96,158
Fort Benton C0 8431	7.75%	2016/01	109,940	109,940			(21,216)		88,724
Fort Benton C0 8443	7.75%	2016/01	77,890	77,890			(15,009)		62,881
Fort Benton C0 8442	7.75%	2016/01	81,808	81,808			(15,794)		66,014
Fort Benton C0 8447	7.75%	2016/01	80,273	80,273			(17,449)		62,824
Huawei C010994	9.00%	2016/01	248,278	248,278			(48,482)		199,796
Huawei C010976	9.00%	2016/01	248,278	248,278			(48,482)		199,796
Huawei C012180	9.00%	2016/02	124,278	124,278			(22,438)		101,841
Huawei C012106	9.00%	2016/02	158,278	158,278			(28,747)		129,531
Huawei C010243	9.00%	2016/01	136,308	136,308			(25,639)		110,669
Huawei C011803	9.00%	2016/01	136,308	136,308			(25,639)		110,669
Huawei C017356	9.00%	2016/01	136,308	136,308			(25,639)		110,669
Huawei C017716	9.00%	2016/01	136,308	136,308			(25,639)		110,669
Huawei C028034	9.00%	2016/01	108,297	108,297			(19,818)		88,479
Huawei C014312	9.00%	2016/03	127,408	127,408			(23,003)		104,405
Huawei C014241	9.00%	2016/03	127,408	127,408			(23,003)		104,405
Huawei C014280	9.00%	2016/03	127,408	127,408			(23,003)		104,405
Huawei C013213	9.00%	2016/03	127,408	127,408			(23,003)		104,405
Huawei C014248	9.00%	2016/03	127,408	127,408			(23,003)		104,405
Huawei C014225	9.00%	2016/03	127,408	127,408			(23,003)		104,405
Huawei C013157	9.00%	2016/03	112,080	112,080			(20,237)		91,843
Huawei C012108	9.00%	2016/02	128,113	128,113			(23,130)		104,983
Huawei C010184	9.00%	2016/01	127,256	127,256			(27,356)		99,900
Huawei C010230	9.00%	2016/01	127,256	127,256			(23,305)		103,951
Huawei C010238	9.00%	2016/01	127,256	127,256			(23,305)		103,951
Konica Minolta Photocopyer C200 (A00007050)	10.00%	2012/12	22,291	22,291			(14,410)		7,881
Konica Minolta Photocopyer B102-DA (20701831)	8.00%	2012/11	274	274					274
Verhuys Pro 1102 V100000000	8.00%	2012/10	228,296	228,296			(97,919)		130,377
Panasonic CLX 605717	8.00%	2012/12	108,565	108,565			(28,794)		79,771

Total Lease Liabilities

5,718,708 - 5,718,708 - (1,785,221) 3,933,487

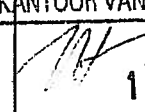
TOTAL EXTERNAL LOANS

85,384,824 - 85,384,824 - (9,694,328) 75,690,496

KANTOOR VAN DIE OUDITEUR-GENERAAL  
  
 10 MAY 2013  
 OFFICE OF THE AUDITOR-GENERAL

**APPENDIX B - Unaudited**  
**ODTSHOORN LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**  
**MUNICIPAL VOTES CLASSIFICATION**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
22,748	(1,687,573)	(1,664,824)	Office of the Municipal Manager	1,404	(5,570,974)	(5,569,571)
-	(659,315)	(659,315)	Office of the Exec Mayor & Committee	-	(5,940,451)	(5,940,451)
-	(4,399,718)	(4,399,718)	Manager Corporate	-	(2,337,114)	(2,337,114)
109,290,985	(52,152,826)	57,138,159	Council General	129,439,292	(40,546,657)	88,892,635
-	(22,518)	(22,518)	Office of the Deputy Mayor	-	(17,388)	(17,388)
-	(164,948)	(164,948)	Office of the Speaker	-	(200,261)	(200,261)
-	(1,308,834)	(1,308,834)	Legal services	-	(703,085)	(703,085)
-	(2,166,613)	(2,166,613)	Admin Finance	-	(5,435,221)	(5,435,221)
-	(8,896,879)	(8,896,879)	Finance Income	-	(10,301,491)	(10,301,491)
-	(3,474,022)	(3,474,022)	Finance Expenditure	-	(3,957,763)	(3,957,763)
-	(3,836,902)	(3,836,902)	Finance Accounting Services	-	(3,565,258)	(3,565,258)
-	(7,620,448)	(7,620,448)	Administration	-	(7,933,503)	(7,933,503)
-	(5,372,692)	(5,372,692)	Human Resources	-	(6,405,414)	(6,405,414)
-	(1,830,628)	(1,830,628)	Computer Data / IT	-	(1,901,283)	(1,901,283)
-	(857,220)	(857,220)	Internal Audit	-	(892,015)	(892,015)
-	(2,805,356)	(2,805,356)	Civic Centre/Land & Buildings	-	14,679	14,679
-	(8,588,306)	(8,588,306)	Corporate Wide Strategic Planning	-	(11,415,083)	(11,415,083)
-	(3,752,701)	(3,752,701)	Town Planning	-	(5,294,834)	(5,294,834)
-	(1,577,844)	(1,577,844)	Admin Traffic	-	-	-
6,152,896	(9,573,706)	(3,420,810)	Traffic & Licensing	15,935,362	(20,246,339)	(4,310,976)
-	(1,143,919)	(1,143,919)	Fire Fighting	-	(3,562,433)	(3,562,433)
-	(15,864)	(15,864)	Vehicle Testing Centre	-	(12,157)	(12,157)
-	-	-	Clinic	-	-	-
-	(4,713,843)	(4,713,843)	Manager Community Services	-	(5,019,899)	(5,019,899)
-	(26,592)	(26,592)	Bridgton Community Hall	-	(3,273,522)	(3,273,522)
-	(17,122)	(17,122)	Bongolethu Community Hall	-	-	-
-	(12,183)	(12,183)	Blomnek Community Hall	-	-	-
-	(14,033)	(14,033)	Dysseldorp Community Hall	-	(416,815)	(416,815)
-	(3,922,852)	(3,922,852)	Admin Library Services	-	(4,383,693)	(4,383,693)
-	-	-	Bongolethu Libraries	-	-	-
-	(274,041)	(274,041)	Libraries	-	13,205	13,205
-	(1,741)	(1,741)	Dysseldorp Library	-	-	-
-	-	-	De Rust Library	-	-	-
-	-	-	Bridgton Library	-	-	-
-	(916,509)	(916,509)	Cemetery & Crematoriums	-	(1,468,496)	(1,468,496)
1,672,137	(1,721,507)	(49,370)	Cango Mountain Resort	1,579,903	(2,328,895)	(748,992)
23,691	(17,699)	5,991	Cango Mountain Resort Restaurant	1,636	-	1,636
147,579	-	147,579	Bridgton Resort	283,771	(199,781)	83,990
-	(47,406)	(47,406)	Arbeidsgeot	-	(132,707)	(132,707)
-	(501,707)	(501,707)	Admin Parks	-	-	-
-	(6,928,816)	(6,928,816)	Parks & Gardens	-	(8,479,342)	(8,479,342)
-	(5,532)	(5,532)	Bongolethu Sportgrounds	-	-	-
-	(2,662,554)	(2,662,554)	De Jager Sportcomplex	-	(3,428,926)	(3,428,926)
-	(479,096)	(479,096)	Sport & Recreation (Brid/De Rust and Bongl)	-	(96,019)	(96,019)
-	(49)	(49)	Bridgton Sportgrounds	-	-	-
-	(6)	(6)	Dysseldorp Sportgrounds	-	-	-
-	-	-	De Rust Sportgrounds	-	-	-
-	(1,229,711)	(1,229,711)	Swimming Pools	-	-	-
-	-	-	Kerkstraat Swembad	-	-	-
-	-	-	Bridgton Swembad	-	-	-
-	-	-	Bongolethu Swembad	-	-	-
-	(24,532)	(24,532)	Dysseldorp Swembad	-	-	-
147	(17,632,517)	(17,632,370)	Housing	-	(12,828,762)	(12,828,752)
-	(1,396,857)	(1,396,857)	Bulk Waste	-	-	-

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**APPENDIX B - Unaudited**  
**ODTSHOORN LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**  
**MUNICIPAL VOTES CLASSIFICATION**

10,625,195	(13,811,856)	(3,186,661)	Refuse Removal	12,018,392	(7,623,752)	4,394,640
-	(39,552)	(39,552)	Sanitation	-	(17,130)	(17,130)
-	(5,949,145)	(5,949,145)	Street Cleansing	-	(7,767,645)	(7,767,645)
-	(285,928)	(285,928)	Main Roads	-	(489,712)	(489,712)
-	(4,794,908)	(4,794,908)	Admin Streets	-	(10,371,507)	(10,371,507)
-	(10,420,563)	(10,420,563)	Roads and Stormwater	-	(11,033,431)	(11,033,431)
-	(520,041)	(520,041)	Job Creation	-	(2,359,303)	(2,359,303)
-	(8,715)	(8,715)	Concrete Mixer	-	-	-
-	(96,332)	(96,332)	Stormwater	-	(83,615)	(83,615)
-	(1,831,313)	(1,831,313)	Admin Sewerage	-	(1,414,069)	(1,414,069)
19,500,349	(4,078,337)	15,422,013	Sewerage Purification	21,021,888	(6,984,817)	14,037,071
269,503	(4,175,403)	(3,905,900)	Sewerage Network	241,348	(4,745,935)	(4,504,587)
882,420	(56,003)	826,417	Dysseldorp Sewerage	973,566	(161,386)	812,180
-	(296,272)	(296,272)	Public Toilets	-	(297,223)	(297,223)
30,502,051	(3,360,834)	27,141,217	Water Storage	36,005,197	(4,363,381)	31,641,816
-	(11,306,705)	(11,306,705)	Water Distribution	-	(12,181,988)	(12,181,988)
-	(2,038,723)	(2,038,723)	Dysseldorp Water	(121,737)	(2,137,589)	(2,259,326)
-	(699,917)	(699,917)	Manager Infrastructure	-	(965,299)	(965,299)
115,237,914	(3,086,144)	112,151,770	Admin Electricity	139,972,000	(3,174,253)	136,797,747
-	(84,942,542)	(86,195,745)	Electricity Distribution	-	(110,981,447)	(110,981,447)
5,154,590	(4,262,900)	891,690	Dysseldorp Electricity	5,948,209	(161,665)	5,786,544
-	(49,820)	(49,820)	Airport	-	(123,999)	(123,999)
-	(1,569,467)	(1,569,467)	Workshop/ Fleet	-	(1,704,105)	(1,704,105)
7,994,163	(9,395,343)	(1,401,180)	Klein Karoo Water Scheme	7,457,848	(6,315,262)	1,142,586
307,476,367	(331,532,494)	(25,309,331)	Sub Total	370,758,080	(376,592,762)	(5,834,682)
-	-	-		-	-	-
307,476,367	(331,532,494)	(25,309,331)	Total	370,758,080	(376,592,762)	(5,834,682)


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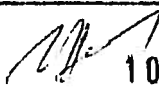
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**APPENDIX C - Unaudited**  
**ODTSHOORN LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

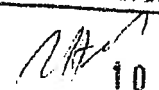
2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
110,137,632	(57,842,591)	52,295,042	Executive & Council	129,440,696	(52,978,815)	76,461,880
-	(19,466,001)	(19,466,001)	Budget & Treasury	-	(24,151,749)	(24,151,749)
-	(19,402,915)	(19,402,915)	Corporate Services	-	(18,577,314)	(18,577,314)
-	(12,341,006)	(12,341,006)	Planning & Development	-	(16,709,918)	(16,709,918)
-	-	-	Health	-	-	-
-	(13,985,724)	(13,985,724)	Community & Social Services	-	(14,534,540)	(14,534,540)
147	(17,632,517)	(17,632,370)	Housing	-	(12,828,752)	(12,828,752)
15,139,520	(21,297,957)	(6,158,437)	Public Safety	15,935,362	(23,820,928)	(7,885,566)
1,843,406	(13,618,614)	(11,775,208)	Sport & Recreation	1,865,310	(16,355,106)	(14,489,796)
10,625,195	(21,193,410)	(10,568,215)	Waste Management	12,018,392	(16,585,652)	(4,567,260)
20,652,272	(10,533,660)	10,118,613	Waste Water Management	22,236,802	(13,687,045)	8,549,757
-	(16,174,642)	(16,174,642)	Road Transport	-	(24,253,954)	(24,253,954)
38,496,214	(26,137,190)	12,359,024	Water	43,341,308	(24,998,221)	18,343,088
120,464,300	(92,988,827)	27,475,473	Electricity	145,920,209	(115,282,664)	30,637,545
-	(1,619,287)	(1,619,287)	Other	-	(1,828,104)	(1,828,104)
<b>317,358,687</b>	<b>(344,234,339)</b>	<b>(26,875,653)</b>	<b>Total</b>	<b>370,758,080</b>	<b>(376,592,762)</b>	<b>(5,834,682)</b>

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**APPENDIX D - Unaudited**  
**OUUDSHOORN LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2011	Correction of error	Balance 1 JULY 2011	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2012
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b><u>National Government Grants</u></b>							
Equitable Share	-	-	-	37,596,000	37,596,000	-	-
Department of Water Affairs	-	-	-	1,894,000	1,894,000	-	-
RBIG Grant- (DWAF)	-	-	-	1,000,000	-	1,000,000	-
Local Government Financial Management Grant	-	-	-	1,250,000	1,222,210	27,790	-
DME Electrification New Housing Project	1,783,180	-	1,783,160	851,000	-	1,567,510	1,066,650
Municipal Systems Improvement Grant	(58,784)	-	(58,784)	780,000	731,216	-	-
Municipal Infrastructure Grant	-	-	-	14,431,000	401,000	14,030,000	-
Sela	-	-	-	581,319	581,319	-	-
Extended Public Works Program	497,872	-	497,872	3,553,000	2,982,669	-	1,068,203
Infrastructure Van Wykskraal	(16,262)	-	(16,262)	-	-	-	(16,262)
Neighbourhood Development Grant Grant (NDPG)	4,878,530	-	4,878,530	9,000,000	-	13,924,288	(45,758)
Comprehensive Rural Development Program	-	(836,814)	(836,814)	836,814	-	-	-
<b>Total National Government Grants</b>	<b>7,084,516</b>	<b>(836,814)</b>	<b>6,447,702</b>	<b>71,563,133</b>	<b>45,388,414</b>	<b>30,549,688</b>	<b>2,072,833</b>
<b><u>Provincial Government Grants</u></b>							
CDW operational support grant	14,129	-	14,129	104,000	82,494	35,635	-
CDW ward based projects grant	90,000	-	90,000	-	90,000	-	-
Library Services	(51,874)	-	(51,874)	597,000	545,128	-	-
Integrating Housing Settlement Grant	2,197,339	-	2,197,339	10,331,983	9,516,039	-	3,013,283
Housing Consumer Education	52,652	-	52,652	-	3,971	-	48,681
Public Transport	(101,639)	-	(101,639)	1,155,000	1,053,360.65	-	0
Public Transport Facilities	-	-	-	2,021,045	-	21,239	1,999,806
Military Sport Academy	-	-	-	1,000,000	-	-	1,000,000
Finance Management Support Grant	-	-	-	100,000	100,000	-	-
<b>Total Provincial Government Grants</b>	<b>2,200,606</b>	<b>-</b>	<b>2,200,606</b>	<b>15,308,029</b>	<b>11,390,980</b>	<b>58,874</b>	<b>8,081,770</b>
<b><u>District Municipality Grants</u></b>							
Upgrading of Rural Sport Grounds	137,744	-	137,744	-	-	-	137,744
LED Strategy	10,114	-	10,114	-	-	-	10,114
Recovery Plan	13,983	-	13,983	-	-	-	13,983
Dysselsdorp Rural Development	-	-	-	-	-	-	-
<b>Total District Municipality Grants</b>	<b>161,841</b>	<b>-</b>	<b>161,841</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,841</b>
<b>TOTAL</b>	<b>9,446,963</b>	<b>(836,814)</b>	<b>8,610,149</b>	<b>86,872,162</b>	<b>56,779,404</b>	<b>30,608,462</b>	<b>8,298,444</b>
<b><u>Public Grants</u></b>							
NLOTF- Construction of Sport Grounds	14,021	-	14,021	-	-	-	14,021
Donation N.A Smit	117,303	-	117,303	-	-	-	117,303
Umsobomvo Youth Fund	-	-	-	-	-	-	-
Alpha Aan Den Rijn- Akde Program	-	-	-	-	-	-	-
Klein Karoo Agri- Suikerbult	1,851	-	1,851	-	-	-	1,851
Tuinique Consulting Engineers	111,200	-	111,200	-	-	-	111,200
Standard Bank Sport Development	(125,288)	-	(125,288)	270,000	144,712	-	0
<b>Total Other Grant Providers</b>	<b>119,087</b>	<b>-</b>	<b>119,087</b>	<b>270,000</b>	<b>144,712</b>	<b>-</b>	<b>244,375</b>
<b>Total</b>	<b>9,566,050</b>	<b>(836,814)</b>	<b>8,929,236</b>	<b>87,142,162</b>	<b>56,924,116</b>	<b>30,608,462</b>	<b>8,540,819</b>

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